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CHIEF ADMINISTRATIVE OFFICE

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Fifth District

September 26, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012

Dear Supervisors:

**SEVENTY-FIVE YEAR GROUND LEASE FROM THE STATE OF CALIFORNIA
FOR THE NATURAL HISTORY MUSEUM
900 EXPOSITION BOULEVARD, LOS ANGELES;
EXTEND AND AMEND THE LONG-TERM FUNDING AND OPERATING
AGREEMENT WITH THE LOS ANGELES COUNTY MUSEUM OF NATURAL
HISTORY FOUNDATION;
APPROVE THE UPGRADE OF THE NATURAL HISTORY MUSEUM;
APPROVE A LEASE-LEASEBACK AGREEMENT WITH THE NATURAL
HISTORY MUSEUM FOUNDATION (FOUNDATION);
AUTHORIZE PROGRAM GRANTS FROM VARIOUS SOURCES FOR
CONSTRUCTION-RELATED ACTIVITIES ON THE 1913 BUILDING
(SECOND SUPERVISORIAL DISTRICT - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that these actions are statutorily exempt and categorically exempt under the California Environmental Quality Act (CEQA) as discussed herein.
2. Approve and instruct the Mayor to sign the seventy-five year lease (Ground Lease) with the State of California (State), in substantially the form attached, after approval as to form by County Counsel, for a portion of the Exposition Park site in Los Angeles on which the Natural History Museum of Los Angeles County (Museum) facilities are located at the rental rate of \$1.00 per year, plus certain shared costs related to maintenance and operation of common areas within Exposition Park.

3. Approve and instruct the Mayor to sign Amendment Number 1 to the Agreement between the County and the Los Angeles County Museum of Natural History Foundation (Foundation), in substantially the form attached, after approval as to form by County Counsel concerning the funding and operation of the Museum (County – Foundation Agreement) to extend the term of the County – Foundation Agreement for 75 years, to provide that the County as lessee will assume the financial obligations under the Ground Lease, and for related purposes.
4. Authorize the Director of the Museum and the Foundation to carry out the seismic upgrade of the 1913 Building of the Museum, historic preservation and other life safety upgrades to the 1913 Building of the Museum, possible structural enhancement of the 1920's Buildings of the Museum, and the enhancement of exhibits and related systems and improvements in various portions of the Museum (Project).
5. Approve and instruct the Mayor to sign the Lease-Leaseback Agreement with the Foundation, in substantially the form attached, after approval as to form by County Counsel to authorize the Foundation to contract for and manage construction services aspects of the Project.
6. Authorize the Foundation to apply to the Los Angeles County Regional Park and Open Space District (District) for the remaining \$3.48 million of the 1996 County Proposition A funds authorized for the Project, to be used for completion of engineering, design, and construction in the 1913 Building components of the Project.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION

Approval of the recommended actions will allow the County and Foundation to continue to operate, maintain, and improve the Museum and will facilitate the renovation of the Museum's 1913 Building. The proposed Ground Lease will extend the County's occupancy of the Museum site at Exposition Park for an additional 75 years by replacing the existing 99-year ground lease from the State, which will terminate in 2010, with a new lease.

Approval of the recommended amendment to the County's current operating agreement with the Foundation will clarify and enhance the County's responsibilities and obligations under the Ground Lease. The recommended actions also allow the Museum and the Foundation to proceed with an essential seismic upgrade and renovation of the Museum's historic 1913 building and other Museum facilities at the Exposition Park site. The recommended lease and leaseback agreement will authorize the Foundation to design and deliver the proposed improvements and minimize the County's exposure to construction risk.

Ground Lease

The proposed, 75-year Ground Lease will allow the County and Foundation to continue to operate, maintain and improve the Museum for the benefit of the public, including building improvements on the portion of the existing Museum site that is within the State leasehold at the Exposition Park site. Other stakeholders in Exposition Park include the:

- Los Angeles Memorial Coliseum Commission (which manages the Coliseum and Sports Arena);
- Exposition Park Intergenerational Community Center;
- State of California African American Museum;
- State of California Science Center Museum;
- Los Angeles Unified School District (which operates the Science Center School); and
- University of Southern California (under a lease for football games at the Coliseum).

Each of the first four stakeholders and the County will be limited to holding 25 major events per year, subject to various exceptions and the possibility of additional events in the Coliseum should the National Football League agree to play at that stadium. The event limit will apply to the Coliseum and Sports Arena together. Common areas and police/security services at the 147.5 acre park site will be managed by a park manager that is selected by the State. The cost of funding the operation and maintenance of the common areas will be shared by the park tenants based on the ratio of each tenant's ground area to the park's overall ground area. The County's obligation to pay its pro rata share is conditioned on the commitment of the State and the Coliseum Commission to pay their equivalent proportional shares of expenses for the maintenance and operation of the park's common areas.

The Museum's baseline pro-rata share of the common area cost is \$360,000 per year. The baseline cost will be phased in over a three year period and will be partially offset by a revenue credit of \$125,000, resulting in an ongoing baseline cost of \$235,000. The baseline cost can also be adjusted in the event of a material change in circumstances, but cannot exceed the increase in the Consumer Price Index from the preceding year unless the County reasonably agrees with the State that there has been a "significant change in circumstances" requiring an increase.

The Museum will retain control over the use and revenue from its existing 221 parking spaces and the State will make an additional 375 parking spaces available to the Museum's patrons at rates that will not exceed those charged by the California Science Center. The additional parking spaces will be operated and maintained by the State and revenue attributable to the additional spaces will inure to the benefit of the State.

The Ground Lease also requires the County to commence the seismic upgrade and renovation of the Museum's historic 1913 building and other exhibition facilities within the next 15 years. Failure to initiate construction activities will allow the State to terminate the Ground Lease.

Amendment to County – Foundation Museum Finance and Operating Agreement

The recommended Amendment to the current County – Foundation Agreement will extend the term of the Agreement to be coterminous with that of the Ground Lease and will require the County to assume the financial obligations under the Ground Lease without reducing its obligation to support the Museum's operations. The Amendment will also provide the Museum and Foundation greater latitude in the following areas:

- In addition to the Foundation's existing right to name galleries and spaces within the museum facilities for benefactors or others, the Foundation may also name wings, buildings, or other portions of the facilities themselves after benefactors or others. County approval is still required to change the name of the Natural History Museum in Exposition Park, the Page Museum at the La Brea Tar Pits, or the William S. Hart Museum.
- The Amendment provides, with your Board's approval, for food concession agreements with terms exceeding five years, rather than the current three years, which will align the approval process for food service concessions with the process for all other Museum concessions.
- The Amendment allows the Foundation to contract for custodial/housekeeping services on the same basis as the Foundation currently is permitted to contract for security services.

Such amendments will enhance the Museum's and Foundation's revenue generating efforts and provide greater long-term stability.

Seismic Upgrade and Improvements to Museum Facilities

Portions of the Museum's facilities at Exposition Park were constructed in 1913 and during the 1920's. These early buildings are in need of varying degrees of seismic upgrades and all require refurbishment of building systems and renovation of exhibit space.

The 1913 Building is listed on the National Register of Historic Places and portions of the 1920's Buildings also include important historic features. The Project architects are designing all components of the Project in conformance with the Secretary of the Interior's Standards for the Treatment of Historic Properties, the Los Angeles County Building Code and the California Historic Structures Code.

The seismic upgrade of the 1913 Building will enhance the protection of the public, staff, and collections. The structure of the 1913 Building was previously reinforced in the early 1990's. Further seismic structural reinforcement is required, however, due to subsequent revisions in building code requirements.

In addition to the seismic upgrades, the following refurbishment and renovation activities are being proposed for the 1913 Building:

- mechanical, electrical, and plumbing upgrades necessitated by the seismic work and operational requirements;
- refinishing interior surfaces, restoring floors and ornamental floor tiles, patching and restoring the tiled dome, and restoration and replacement of damaged or deteriorated exterior brickwork;
- removal and replacement of ceilings and skylights as required for installation of the new structural braces;
- installation of a new roof membrane, gutters and downspouts, salvaging existing roof tiles to the extent reasonably possible; and
- installation of new entry doors at ground-level entrances and repair and replacement of windows.

The Foundation anticipates that construction activities related to the seismic upgrade and renovation of the 1913 Building will be completed within 18 months.

Proposed Future Upgrades to Exhibit Galleries

In addition to the seismic upgrade and renovation of the 1913 Building, the Foundation is planning significant upgrades to the exhibit galleries in the 1913 Building and 1920's Building. These upgrades will include:

- Relocated and improved exhibits about dinosaurs and other paleontology and the cultural and natural history of southern California and a relocated and improved Discovery Center;

- Upgrades to lighting, data, and HVAC systems in the galleries that will house the improved exhibits; and
- Possible incremental seismic or other life safety improvements to the 1920's Buildings to the extent they can be performed in the context of the exhibit improvements, within the available budget, and within the applicable historic preservation standards.

This component of the Project is in an earlier stage of planning than the two components related to construction in the 1913 Building, but currently is estimated to cost approximately \$64.5 million and is anticipated to require approximately five years to complete design, relocation, construction, and exhibit installation activities. The Foundation will evaluate whether to increase or reduce this component as its planning and fundraising proceeds.

Lease-Leaseback Agreement

In order to facilitate the Foundation's contracting and management activities with respect to the Project's construction activities, it is recommended that your Board authorize a Lease-Leaseback Agreement (Lease-Leaseback) with the Foundation. The proposed Lease-leaseback leases portions of the Museum site to the Foundation and provides for the Foundation to manage the planning and construction of the Project. Upon completion of the improvements, the Foundation will lease those portions back to the County for one year, which is coincident with the warranty period on the improvements. At the conclusion of the one-year warranty period, the Lease-Leaseback will terminate and ownership to the buildings and the improvements will return to the County.

Under the Lease-Leaseback, the Foundation will bear responsibility for managing, funding, and delivering the proposed improvements. It will also allow the Foundation to better coordinate the expenditure of the various grant funds and the Foundation's private contribution to the Project and streamline contracting and project administration. Similar funding and project administration structures have allowed other County-related non-profit organizations to successfully complete the Hancock Park Renovation Project, the Hollywood Bowl Renovation Project and several projects at the Los Angeles County Museum of Art.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action is consistent with County Strategic Plan goals of Service Excellence and Fiscal Responsibility. The Ground Lease and Amendment allow the Museum to maintain services and maximize the use of private Foundation-raised funds.

FISCAL IMPACT/FINANCING

The seismic upgrade and renovation of the 1913 Building is estimated to cost \$19.5 million, including design, relocation, and construction activities. The Foundation has identified the following funding for the project:

• 1996 County Proposition A:	\$ 4.35 million
• 2000 State Proposition 12:	\$ 1.00
• 2002 State Proposition 40:	\$ 6.75
• Foundation Contribution:	<u>\$ 7.40</u>
Total	\$19.50 million

The Foundation, pursuant to the Lease-leaseback, will be responsible for any cost overruns related to the proposed project. In no event, will the County be required to provide additional funding for the project.

Ground Lease and Amendment to County – Foundation Agreement

The Ground Lease establishes a \$1.00 per year rental rate, but also provides that the County will pay a "Pro Rata Share" of the costs of maintenance and operation of specified common areas within Exposition Park. The County's Pro Rata share phases in over a three year period from the current \$108,000 annual landscaping fee to a net fee of \$235,000 per year, as adjusted annually by the lesser of the increase in the cost of living or the increase in State's Exposition Park common area expense budget. The State may increase the Pro Rata share of each tenant, including the County, in the event of a "significant change in circumstance". Should the County and State disagree about the future application of the "significant change in circumstance" provision, the disagreement will be submitted to a neutral party for expedited resolution.

The Amendment provides that the County as lessee under the Ground Lease will assume the financial obligations of the Ground Lease and will not offset against the cost of those obligations any other County funding provided for under the County – Foundation Agreement. The Amendment also provides that the term of the County – Foundation Agreement will be extended to coincide with the 75 year term of the Ground Lease.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed Lease-Leaseback Agreement is authorized under California Government Code Section 25371 and provides for the Foundation to assume responsibility for funding and managing the Project. Under the Agreement, the Foundation must protect the County's interest in the 1913 Building while managing the Project, then return the site, including the completed Project to the County (subject to the existing ground lease). The County Department of the Museum of Natural History ("Museum

Department”) will monitor the Foundation’s progress toward timely completion of the Project. The Department of Public Works will issue the building permit and inspect for building code compliance.

1996 County Proposition A Grant

Section 3, Subsection (b), Paragraph (8) of Proposition A designates funds for improvement of the Museum and permits non-profit entities like the Foundation to be the recipient of such funds. A Project Agreement between the District and Foundation will specify that the Museum Department will monitor the use of the grant funds and assure Foundation compliance with Proposition A requirements.

From the original \$5.0 million in designated funds, your Board previously authorized the transfer to the Foundation of \$650,000 for a new entry monument (“the Dueling Dinosaurs”). As noted above, your Board also previously authorized transfer to the Foundation of up to \$870,000 of the remaining \$4.35 million for pre-construction activities for the Project. These recommendations seek approval for the Foundation to apply to the District for the \$3.48 million balance of the designated Proposition A funds and apply them to the Project.

2000 State Proposition 12

2000 State Proposition 12 included the Roberti-Z’Berg-Harris (“RZH”) grant program through which the County receives funding for various parks, recreational, cultural, historic preservation and similar projects. The County has designated \$1 million from this program toward the Project.

2002 State Proposition 40

2002 State Proposition 40 (California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act) provided grants to acquire, restore, preserve, and interpret California’s historical and cultural resources. The State of California awarded the Foundation \$6.75 million of these funds to rehabilitate, restore and renovate the 1913 Building. These funds will be used for the Project. The Foundation has previously drawn \$675,000 of such grant funds for pre-planning purposes.

The Ground Lease , the Amendment, and the Lease-Leaseback have been reviewed and approved as to form by County Counsel.

In accordance with your Board’s policy on the housing of any County offices or activities, the Department of the Museum of Natural History concurs with the recommendation to approve the Ground Lease and the Amendment.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

Your Board's approval of the proposed Ground Lease, Amendment, and Lease-Leaseback are categorically exempt from the provisions of CEQA pursuant to Section 15301 of the State CEQA Guidelines.

To the extent the Project will repair damage caused by the Northridge Earthquake the Project is statutorily exempt from CEQA pursuant to Public Resources Code section 21080(b)(3) and CEQA Guidelines section 15269 because the work will repair property damaged by that disaster, and will not destroy or significantly alter historic resources . In addition, the Project is categorically exempt under CEQA Guidelines section 15331 because the Project consists of the repair, maintenance, rehabilitation, and restoration, preservation and conservation of historic resources in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties.

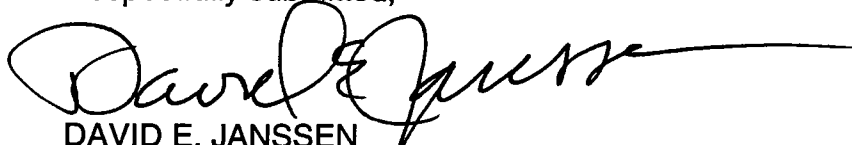
The recommended actions are also categorically exempt from CEQA under CEQA Guidelines section 15301 and Class 1(c) and (d) of the County of Los Angeles Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 because the Project consists of the repair of a facility involving negligible or no expansion of its use. The restoration and rehabilitation of the deteriorated 1913 Building, and to the extent accomplished of the deteriorated 1920's Building, to more closely meet current standards will not result in an expanded footprint or material changes in the interior uses. The 1913 Building is structurally separate from the 1920's Building and the other adjacent Museum structures that were built more recently.

Implementation of the Project does not compel the implementation of any possible future projects currently being considered. While planning is proceeding on possible future projects, the scope and definition of those projects has not yet been determined, adequate funding has not yet been secured and they will be subject to separate future CEQA review.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Ground Lease, Lease-Leaseback and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CAO, Capital Projects Division, plus one copy of the executed Amendment and Lease-Leaseback and a certified copy of the Minute Order to each of the County Museum of Natural History Department and the Los Angeles County Museum of Natural History Foundation.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

Attachments (Ground Lease; County - Foundation Agreement Amendment Number 1)

C: County Counsel
Auditor-Controller
Director, Los Angeles County Museum of Natural History
President of the Board of Governors, Los Angeles County Museum of Natural History
President of the Board of Trustees, Los Angeles County Museum of Natural History Foundation

GROUND LEASE AGREEMENT

BETWEEN

LANDLORD

**THE STATE OF CALIFORNIA
ACTING BY AND THROUGH THE SIXTH DISTRICT AGRICULTURAL ASSOCIATION,
ALSO KNOWN AS THE CALIFORNIA SCIENCE CENTER
WITH THE REVIEW AND APPROVAL OF THE
DIRECTOR OF THE DEPARTMENT OF GENERAL SERVICES AND THE
STATE AND CONSUMER SERVICES AGENCY**

AND

TENANT:

COUNTY OF LOS ANGELES

FOR THE PREMISES KNOWN AS

THE LOS ANGELES COUNTY MUSEUM OF NATURAL HISTORY

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GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (this **"Lease"**), is made and entered as of _____, 2006 (the **"Effective Date"**), by and between the State of California, acting by and through the Sixth District Agricultural Association (the **"District"** or **"Lessor"**) with the approval of the Director of General Services, pursuant to California Food & Agricultural Code Sections 4051 and 4101, and County of Los Angeles (**"County"**), a body corporate and politic and political subdivision of the State of California.

RECITALS

- A. That, the District is the owner in fee of most of that certain real property located in the City and County of Los Angeles, which is the area bounded by Figueroa Street, Exposition Boulevard, Vermont Avenue and Martin Luther King, Jr. Boulevard, as more particularly described in that certain deed from W. J. Broderick, et al. to the District, recorded in Book 139 of Deeds, at page 218 thereof, Records of Los Angeles County, which property is now, with other property, commonly known as Exposition Park (hereafter, the **"Park"**).
- B. That, the District and County did, on February 7, 1910, make and enter into a certain agreement whereby portions of said property were leased to County upon the terms and conditions therein set forth, for a period of fifty (50) years from and after February 7, 1910, and with the right of County to renew the agreement for a further period of fifty (50) years upon the expiration of the first term of fifty (50) years.
- C. That, on March 17, 1924, the District and County did make and enter into a written agreement whereby certain additional portions of the property not included in the agreement of February 7, 1910, were leased to County with the right of County to renew the lease for a period of fifty (50) years and after the expiration of the term.
- D. That, County has caused to be erected upon the lands leased to it by the District, pursuant to the leases above referred to, and upon certain adjoining lands, a museum building of great value in which County has maintained and displayed appropriate exhibits on and collections of natural history, cultural history, science, and California history, and conducted related teaching and research activities, known as the Los Angeles County Museum of Natural History (**"Museum"**).
- E. That, on February 7, 1960, the District and County did make and enter into a written agreement whereby that certain real property, included in the agreements of February 7, 1910, and March 17, 1924, was leased to County upon the terms and conditions therein set forth, for a period of fifty (50) years, ending on the 6th day of February, 2010.

- F. That, it is the mutual desire of the parties hereto to perpetuate the use of the Museum and the exhibits on natural history therein and to enter into a new lease that will further that goal.
- G. The Board of Directors of the California Science Center is the governing body acting for and on behalf of the District.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **CANCELLATION OF PRIOR LEASE.** Upon execution and delivery by all the parties, this lease supersedes and cancels that certain lease dated February 7, 1960, by and between the District and County, for the premises described therein together with all improvements thereon including incidental accessory buildings, structures and appurtenances.

2. **PREMISES.**

Premises. The District hereby leases to County the real property that is depicted in the diagram attached as Exhibit A, and is more particularly described in Exhibit B, and all improvements located thereon ("**Premises**"). The Premises consists of approximately 13.16 acres.

Parking. In addition to the Premises, the District hereby agrees to provide on all days during the term of this Lease no less than 375 parking spaces for Museum patrons and employees in the District's parking lots located between Menlo and Vermont and north of 39th Street, or in any future parking structure built on that portion of the Park (hereafter, the "**Menlo Lots**"). Notwithstanding the foregoing, the District's obligation to provide the 375 parking spaces in the Menlo Lots on Major Events days shall become effective upon the Effective Date of the Parking Operating Agreement referred to below in this Section 2 of the Lease. On all days during the term of this Lease that no Major Event (as defined in Section 6(d) below) is being held in the Los Angeles Memorial Coliseum ("**Coliseum**") or the Los Angeles Sports Arena ("**Sports Arena**"), the District agrees to provide an additional 375 parking spaces for Museum patrons and employees in the Park, but those additional parking spaces will not necessarily be located in the Menlo Lots. The District will continue to maintain and control the parking lots not on the Premises that are used by the Museum's patrons and employees, and will collect all revenues generated from parking in the spaces reserved for the Museum. The District and Museum agree to use good faith efforts to negotiate the terms of a parking operating agreement in which the parties will memorialize the terms under which the parking in the Menlo Lots will be operated, and how parking spaces will be administered on days that a Major Event is

conducted in the Park ("**Parking Operating Agreement**"). The District agrees that patrons of the Museum will not be charged more to park in the Park than the amount charged to persons visiting the Park for any other purpose, including the amount charged to persons patronizing the California Science Center Museum.

The parties acknowledge that the County presently operates and maintains 221 automobile parking spaces on the Premises and the adjacent property leased from the City of Los Angeles which the County may continue to operate as it had under its prior lease referred to in Section 1. County agrees that if it builds any new parking facility on the Premises, it will limit access to Museum visitors and employees and the facility will not be available to the general public. If the number of parking spaces in any such new parking facility exceeds 375, then the District shall no longer be obligated to provide the 375 parking spaces in the Menlo Lots on days that a Major Event (as defined in Section 6(d) below) is being held in the Park. Further, if County collects revenues from the new parking facility for spaces exceeding the present number (i.e. 221), then the County shall no longer be entitled to receive the Credit Amount (as defined in Section 14(h) below) for such fiscal year.

3. **TERM OF LEASE.** The term of lease shall be for Seventy-Five (75) years, commencing on the 1st day of _____ 2006, and ending on the _____, 2081, unless said term shall be sooner terminated as provided herein.
4. **USE OF PREMISES.** County, or any non-profit entity affiliated with County or the Museum (hereafter, an "Affiliate") shall, during the term of this Lease, maintain for the benefit and enjoyment of the public, exhibits, education or research programs, collections, and activities on natural history, cultural history, science, and related subjects, all of which will be of a standard found in museums comparable to the Museum. County or an Affiliate may also use or cause the Premises to be used in ways that are related to or in connection with such uses, including food service, parking, gift shops or other retail uses, facility rentals, charitable events, fundraisers, and educational events; provided that County or an Affiliate shall, during the term of this Lease, from time to time, but not less often than semi-annually, display exhibits in the fields of natural history, cultural history, science, or related subjects.
5. **DESIGN, NEW CONSTRUCTION AND PARK MASTER PLAN.**
 - a.) County intends to demolish portions of, and make significant changes and upgrades to, the improvements on the Premises for the purpose of enhancing the Museum for future public enjoyment. If County fails within fifteen (15) years from the Effective Date to commence construction of the upgrades and/or renovation of the Museum, or fails to commence implementing seismic upgrades that will meet the standards of the Historic Building Code applicable to

the present 1913 building on the Premises, then the District may terminate this Lease; provided that the District must notify County in writing not less than one year before the termination of the Lease will become effective and County may cure such failure by commencing the construction of the upgrades or renovation within that one-year period. If County has not commenced the construction work to upgrade or renovate the Museum, then County must notify the District in writing of this fact no less than 18 months before the expiration of the 15-year period and specify the nature of the planned construction and/or renovation that County intends to perform at the Museum. If County fails to deliver to the District such notice, then the District's termination right under this Lease will survive until one year after the date on which County does deliver such notice, but at all times County will retain the right to cure its failure to commence construction or renovation by commencing the construction of the upgrades or renovation within one year after receiving a notice from the District that it intends to terminate this Lease for failure to implement the construction of the upgrades or renovation contemplated in this Section 5(a). Provided that the County has delivered the notice required under this Section 5(a), if the District does not deliver notice of its desire to terminate this Lease within five years after the date on which the District was entitled to terminate this Lease pursuant to this Section 5(a), then this Lease will continue and the District's right to terminate it under this Section 5(a) will have no further force or effect.

- b.) County acknowledges that portions of the improvements on the Premises are historic, and further acknowledges that all improvements must conform to the approved Master Plan for Exposition Park, dated September 1, 1993. If County does implement any demolition or renovations of or modifications or additions to the Premises and/or the appurtenances thereon, it shall provide the District the opportunity to review and comment on County's plans (but not the right to approve those plans) and County will prepare the appropriate environmental documents if required by the California Environmental Quality Act ("**CEQA**"). If any document other than a categorical exception or negative declaration is required in connection with the CEQA review, then the District will be designated as a responsible agency. County will also consider the recommendations, if any, of the California State Historic Preservation Office, if such agency elects to review the Museum expansion project. County will act as the lead agency in any CEQA proceedings.
- c.) District reserves the right to enter and inspect the Premises at reasonable times and with reasonable notice to insure compliance with the aforesaid terms and conditions.

- d.) District and County recognize that during the term of this Lease there may be additional facilities constructed in the Park by the various Members (as defined below), in addition to County. If the construction of such additional facilities impacts, or is in conflict with, any of the terms or conditions of this Lease, County agrees to meet and confer with the appropriate parties concerning such conflicts and use good faith efforts to resolve them. District will use its best efforts to include in the lease of each other Member that leases a portion of the Park a provision that requires such Member to meet with County to attempt to resolve any conflict arising from construction by such Member. County also agrees to meet with any other Member of the Park to resolve a conflict or perceived conflict arising from construction work proposed by County on the Premises or construction work proposed by another Member in another portion of the Park.

6. **PARK OPERATIONS.**

- a.) The day to day management of the Park will be conducted by a full-time employee of the District who is charged with overseeing operations in the Park ("**Park Manager**"). The Park Manager shall manage, schedule, and administer all events in the Park's Common Areas, and will oversee the police and security services in the Park. The Park Manager will manage the Park in a manner that benefits all of the Members in the Park.
- b.) The following entities (each, along with any person or entity that takes possession of a portion of the Park during the term of this Lease, being referred to herein as a "**Member**," and collectively as the "**Members**") operate one or more facilities in the Park or otherwise have an influence over the operations of the Park: Exposition Park Office of Park Management, the Museum, the Los Angeles Memorial Coliseum Commission (which manages the Coliseum and the Sports Arena), the Exposition Park Intergenerational Community Center, the California African American Museum, the California Science Center Museum, Los Angeles Unified School District in its capacity as the operator of the Science Center School, and the University of Southern California (so long as it leases the Coliseum for its home football games).
- c.) The Park is a multi-use property that requires an orderly planning process to maximize the utility of the Park to all of the Members and the greater Los Angeles community. The area of the Park consists of approximately 147.5 acres and is depicted on Exhibit C to this Lease.
- d.) In order to enable orderly planning for use and operation of each Member's designated area in the Park, the Park Manager must be able to make timely decisions relating to the Members' desire to

conduct events in the Park that have a material effect on another Member of the Park and that Member's ability to conduct normal operations or have access to parking for its patrons (each a "**Major Event**"). Major Events also include, without limitation, (a) planned events in the Museum Premises (as differentiated from normal attendance at the Museum) attended by more than three thousand attendees; (b) events in the Coliseum and/or the Sports Arena attended by more than 25,000 people; (c) events during the Museum's normal business hours that have a material impact on the ability of Museum patrons to park in the Menlo Lots; and (d) concerts in the Menlo Lots. County hereby agrees to be limited to twenty-five (25) Major Events per calendar year. The District hereby agrees to limit (by contract, lease, or other binding agreement) each of the other Members of the Park to twenty-five (25) Major Events per fiscal year. The District will make best efforts to impose this limitation on the other Members as soon as is reasonably practical. For purposes of this Lease, the Sports Arena and the Coliseum will be considered together as one Member that will have the right to conduct a total of 25 Major Events in any calendar year.

- e.) The District hereby agrees to impose the approval process for a Member to conduct a Major Event (as described in Section 6(f) below) on each Member in any new lease, sublease, or other agreement that the Member executes in connection with its use or possession of a portion of the Park, or in any renewal of such agreement, and to cause such procedure to become effective as soon as is reasonably practical. Neither the District nor the Park Manager may waive the 25 Major Event limit with respect to any Member or increase above 25 the number of Major Events that a Member may conduct except for the following: (i) any Summer Olympics events or the Super Bowl held in the Coliseum; or (ii) an event that was not anticipated before the commencement of the fiscal year in which it occurs, is non-repetitive in nature, and is not likely to adversely impact the normal operations of the Museum (hereafter, a Major Event of the type described in this clause (ii) will be referred to as an "**Additional Major Event**"). Whether a proposed Additional Major Event will adversely impact the normal operations of the Museum will be determined by the Park Manager, in its reasonable discretion, not less than 45 days before the date on which the Additional Major Event is proposed to be held. An adverse impact will be deemed to exist where the Additional Major Event is expected to increase the normal cost of operations of the Museum or materially reduce the number of patrons who would otherwise have attended the Museum if the Additional Major Event were not scheduled to occur, and if an adverse impact is deemed to exist, then the Park Manager will not approve the requested Additional Major Event. The Park Manager will inform the Museum of its decision promptly after determining whether to authorize the

Additional Major Event. If the Park Manager approves an Additional Major Event, then the Park Manager, in conjunction with the District, must make reasonable efforts to plan and schedule the event in a way that is most likely to reduce the impact of any such event on the Museum by considering, among other things, the starting time and length of the event, the day of the week, the expected attendance, and the likelihood that the event will restrict or limit attendance at the Museum. In addition, if an Additional Major Event does result in an adverse impact to Museum (despite the Park Manager's earlier determination that no adverse impact would occur), then County will receive a credit (in the form of a reduction in the amount of County's payment for Common Area Services) in the amount of any additional costs or loss of revenue that results from each Additional Major Event in the applicable fiscal year. The credit will not apply to costs specifically for the benefit of the Museum as opposed to payment for Common Area Services, and the credit will not exceed the total amount that County otherwise would have been required to pay in the applicable fiscal year as its pro-rata share of the cost of the Common Area Services.

- f.) Before a Major Event may be conducted in the Park, the Member hosting the Major Event must submit to the Park Manager a description of the proposed Major Event for the Park Manager's approval in accordance with the terms of this Section 6. The Park Manager shall review the Major Event for conflicts with Major Events hosted by one or more other Members, compliance with the limitation on the number of Major Events, and to minimize the interference with the operations of the other Members. The Park Manager's ability to disapprove a Major Event will be limited to situations where the proposed Major Event conflicts with a previously scheduled event in the Park, causes the proposed host of the Major Event to exceed its annual allotted number of Major Events, or the Park Manager determines, in its reasonable discretion, that the proposed Major Event will have an adverse effect on the Park as a whole or on any individual Member.
- g.) Commencing at such time as all other Members are bound to the submission and approval procedures set forth in this Section 6, County will submit to the Park Manager by September 30 of each subsequent calendar year a list of all Major Events that County proposes to host during the next calendar year. The Major Events are to be described as to their nature, duration, expected attendance, and potential impact on Exposition Park, or any part thereof. Conflicts that may exist in the month of January of the next calendar year shall be resolved before November 30, and all other conflicts will be resolved before January 31 of the next calendar year. If County proposes to host a Major Event not known to County before the September 30 submission to the Park Manager, then County will submit the proposed Major Event to the Park

Manager promptly after learning about such Major Event, but in no event less than 60 days before the proposed date of such Major Event. The Park Manager will review and approve or disapprove the submitted Major Event within a reasonable period. If the Park Manager does not respond to County within 30 days after the Park Manager receives the request for the Major Event, then the request for the Major Event will be deemed to have been approved by the Park Manager.

- h.) County shall be fully responsible for maintenance, repairs, waste removal and security required as a result of Major Events sponsored solely by County (as opposed to those in conjunction with other Members), and such costs shall not be considered part of County's Pro-Rata Share of Common Area Services (as such terms are defined in Section 14 below).
- i.) Contemporaneously herewith, the District has been negotiating a lease extension with the Los Angeles Memorial Coliseum Commission which in turn has been negotiating a proposed sublease of the Coliseum with the National Football League ("**NFL Lease**"). If during those negotiations, the District becomes aware of proposed provisions in the NFL Lease that would be materially inconsistent with those provided in this Lease relating to the limitations on Major Events, the District will, as soon as reasonably practical, notify Museum administrators and deliver to the Museum's Executive Director and General Counsel a copy of the proposed provisions and provide the Museum with the opportunity to express any concerns that the Museum or County officials have about the proposed provisions in the NFL Lease. The Museum agrees that it will not disclose publicly the content of such proposed provisions until the District announces to the public the terms of the NFL Lease or such terms otherwise become publicly known, but may discuss such provisions with other County officials and employees, including members of the County Board of Supervisors. The District agrees to use its best efforts to cause the provisions of the NFL Lease to be consistent with the provisions of this Lease, but any final decision on the terms of the NFL Lease will be in the sole discretion of the District. The District further agrees to negotiate the provisions of the NFL Lease so as to attempt, in good faith, to cause the provisions of the NFL Lease to be in the best interests of the State of California and the other Members of the Park; and in doing so, the District will consider the impact on the Museum of any provision in the NFL Lease relating to Major Events, including the permissible starting time and length of the events, days of the week, expected attendance, and the likelihood that the event will restrict or limit attendance at the Museum. If an NFL Lease is executed that grants to the tenant under the NFL Lease the right to conduct more than 25 Major Events in the Coliseum, then County will receive a credit (in the form of a

reduction in the amount of County's payment for Common Area Services) in the amount of any additional costs or loss of revenue that results from each Major Event in excess of 25 Major Events in the applicable fiscal year. The credit will not apply to costs specifically for the benefit of the Museum as opposed to payment for Common Area Services, and the credit will not exceed the total amount that County otherwise would have been required to pay in the applicable fiscal year as its pro-rata share of the cost of the Common Area Services. In addition, the District agrees that if any concessions or other favorable treatment or compensation is granted, either directly or indirectly, to the California Science Center or the California Science Center Museum, as a result of the NFL having been granted the right to conduct more than 25 Major Events in the Park, then this Lease will be deemed amended to provide that County is also entitled to receive the same concessions or favorable treatment or compensation that was granted, either directly or indirectly, to the California Science Center or the California Science Center Museum.

7. Intentionally Deleted.
8. **RENTAL CONSIDERATION.** County agrees to pay the District as rent for the lease of the Premises , One Dollar (\$1.00) per year for the term of this Lease. The amount of rent is in lieu of payment of the fair market rental value of the Premises and has been established in recognition of the broad public value being provided by the Museum. The rent payable over the entire term of the Lease is \$75.00, payable in advance, receipt of which payment is hereby acknowledged by the District.
9. **CONCESSIONS AND SUBCONTRACTORS.**
 - a.) Notwithstanding any other provision of this Agreement, County or an Affiliate is not prohibited from granting concessions, licenses, or contracts for the operation of one or more of the business activities permitted under this Agreement within the Premises.
 - b.) Any person granted a concession or subcontract by County shall, as a part of that concession or subcontract agreement, agree to be bound by all the terms and provisions of this Agreement, insofar as applicable. County shall be responsible for the acts of its concessionaires and subcontractors and a violation of any of the terms or provisions of this Agreement by any such concessionaire or subcontractor shall have the same effect as if such violation had been committed or suffered by County as well as by the concessionaire or subcontractor and shall be actionable by the District against County and/or the concessionaire and/or the subcontractor, at the option of the District.

10. INDEMNIFICATION.

- a.) District and County will indemnify, defend, and hold harmless therefrom each other against all loss, cost, expense (including, but not limited to, reasonable attorneys' and experts fees and court costs), damage, injury, liability, cause of action or claim of any kind or character (collectively "**Claims**" and individually a "**Claim,**"), in any way arising out of the performance of any construction work for which either party is responsible, including, but not limited to, the acts or omissions of either party, its partners, joint venturers, elected officials, officers, directors, employees, agents, affiliates, licensees, invitees, consultants, vendors, contractors or subcontractors of any tier, but only to the extent caused by the negligent acts or omissions of the party that has undertaken the construction or caused it to be performed. County and District shall each cause any contractor it retains to name the other as an additional insured on any general liability policies or other required insurance policies.
- b.) Each party to this Lease agrees to defend, indemnify and hold harmless the other and its agents, elected officials, officers, employees, representatives, successors and assigns from and against any and all liability, damages, business interruptions, delays, losses, claims, judgments of any kind whatsoever including all costs, reasonable attorneys' fees, and expenses incidental thereto, which may be suffered by, or caused to, such party by reason of loss or damage to any property or injury to, or death of, any person arising from or by reason of actions of the indemnifying party. Each party shall further defend, indemnify and hold harmless the other party from and against any and all claims, costs and expenses arising out of any act related to the Premises or the Park including, but not limited to, any use, conduct, activity, work done, activities permitted or allowed, default or negligence of such party or its agents, employees, contractors, partners or invitees and from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred as the result of any such acts or omissions including, but not limited to, the defense or pursuit of any claim or any action or proceeding resulting therefrom.
- c.) Pursuant to Government Code section 895.4, each party hereto indemnifies and holds harmless the other party, its officers, agencies and employees for any liability imposed by the law upon such other party which results from, or is caused by, any negligent or wrongful act or omission related to the performance of this Agreement by the indemnifying party or its officers, agencies or employees.
- d.) In the event that third party loss is attributable to the negligence or wrongful act or omission of both parties, the ultimate financial

responsibility of each party shall be proportionate to its percentage of fault as determined by mutual agreement between the parties or by a court of competent jurisdiction. The provisions of California Civil Code section 2778 regarding interpretation of indemnity agreement are made a part hereof as if fully set forth herein.

- e.) County further agrees to keep the Premises and any improvements constructed thereon free and clear of liens for labor or materials, or County shall bond over any such liens that are recorded, and shall hold District harmless from any liability with respect thereto.

11. INSURANCE.

- a.) **Insurance Coverage.** County, at its own cost and expense, shall be responsible for insuring for liability arising on the Premises as described in this Section 11 or may elect to self-insure the Premises. County's insurance, if any, will insure County, District and State of California and their officers, agents, servants and employees against occurrences as to bodily injury liability and property damage liability which arise from the activities and operations of County, its agents, contractors, employees, concessionaires or assigns, conducted upon or in connection with the Premises or any portion thereof. In any year during the Term of this Lease that County does not elect to self-insure, County will use commercially reasonable efforts to obtain commercial general liability insurance issued by a carrier reasonably acceptable to District, with no less than a \$5,000,000 liability limit, covering events arising on or in the Premises. With the reasonably exercised approval of the District, there may be a deductible feature in connection with any insurance coverage and such coverage shall be on an occurrence basis.
- b.) **Insurance Policy Format.** All policies of insurance required by this Agreement shall be in standard form and written by such qualified insurance companies authorized to do business in the State of California as shall reasonably satisfy the District and the Department of General Services, State of California. Further, each policy of insurance shall set forth:
 - (i) That the District and the State of California, and their officers, agents, servants and employees, are named as additional insureds.
 - (ii) The dates of inception and expiration of the insurance.
 - (iii) The statement by the insurance carrier that it will not cancel said policy without giving thirty (30) days prior written notice to the District.

- (iv) A statement by the insurance carrier that neither the District nor the State of California is liable for the payment of any premiums or assessments on said policy.
 - (v) Insurer shall have a Best's Capital Financial rating of AVII or better.
- c.) **Evidence of Insurance.** If County does not elect to self insure, then it will provide evidence of insurance to the District prior to the commencement of the term of this Agreement and otherwise at such times and in such manner as the District shall from time to time request.
- d.) **Failure to Provide Insurance.** Unless self-insured, if County fails to procure or maintain the required insurance, the District, at its option, may do so and charge the cost of that insurance to County. That cost shall be repaid by County to the District and shall be in addition to any other payments required under this Agreement. County's failure to repay any such sum within 30 days after it receives a bill from the District will constitute a breach of this Lease. Unless County notifies the District to the contrary, County will be deemed to have elected to self-insure the Premises.
- e.) **Additional Insured.** Unless otherwise agreed by the parties, if County enters into contracts with contractors, subcontractors, concessionaires or others performing services on the Premises for which that entity is required to provide insurance, then the District and the State of California must be named as an additional insured on such policy. In the case of a concessionaire providing food and beverage service, insurance policies shall be required and shall be subject to the approval of County, such approval not to be unreasonably withheld.

12. OBLIGATION TO COMPLY.

- a.) The parties will comply with all applicable ordinances, resolutions, rules, and regulations of any federal, state or local governmental agency having jurisdiction over the project, as well as the covenants and restrictions of this Lease. County will obtain and keep in effect, at its sole expense, permits or licenses required for its operations hereunder.
- b.) County shall at all times comply with all applicable laws, ordinances and regulations pertaining to fire prevention, and shall furnish and keep adequate fire extinguishers in sufficient numbers and in convenient and accessible places upon the Premises; said fire extinguishers shall be charged and ready for immediate use as required by said fire regulations and applicable laws or ordinances. County shall make all alterations and do all things which may be

required by the provisions of the applicable law, regulation, order, rule, ordinance or requirement.

13. ENVIRONMENTAL HAZARD.

- a.) "Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including reasonable attorneys' and consultants' fees) or investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement, which are incurred as a result of the existence of Hazardous Material on, under or about the Premises, or for noncompliance with any other environmental law, including, but not limited to the statutes listed hereafter, their implementing regulations and related state laws. As used in this Lease, environmental laws include: The Clean Air Act and Amendments, 42 U.S.C. 7506, 404, 402, 7641, 7642 7401 et seq., 33 U.S.C. 1342, 1344; Clean Water Act of 1977, 33 U.S.C. 1251 et seq., Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), 42 U.S.C. 9601 et seq., 26 U.S.C. 4611, 4612, 4662, 4671, 4672; Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. 1101 et seq., Endangered Species Act of 1973, 16 U.S.C. 460 et seq., 668dd, 715i, 714s, 1362, 1371, 1372, 1402, 1531, et seq.; Federal Water Pollution Control Act and Amendments, 33 U.S.C. 1251, et seq., 1342, 1344; Fish and Wildlife Coordination Act, 16 U.S.C. 661, et seq.; Hazardous Materials Transportation Act, 49 U.S.C 5101, et seq.; National Environmental Policy Act, 42 U.S.C. 4321; Resource Conservation and Recovery Act of 1976 (RCRA); 42 U.S.C. 6901, et seq.; Superfund Amendments and Reauthorization Act of 1986, 26 U.S.C. 4611, et seq., 42 U.S.C. 6911, 9601, et seq.; Toxic Substances Control Act, 15 U.S.C. 2601, et seq., Water Quality Act of 1987, 33 U.S.C. 251, et seq. Environmental damages include without limitation: (i) damages for personal injury or injury to property or natural resources occurring on the Premises, foreseeable or unforeseeable; (ii) reasonable fees incurred for attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation or remediation of Hazardous Materials, including but not limited to, the preparation of any feasibility studies or reports or any cleanup, remediation, removal, abatement, containment, closure, restoration, or monitoring required by any federal, state or local governmental entity.
- b.) "Hazardous Materials" means any hazardous or toxic substance, material or waste that is or becomes regulated (as hazardous or toxic) by any federal, state or local governmental entity. The term includes, without limitation, any material or substance that is defined or listed as a hazardous waste, extremely hazardous waste, or restricted waste under the Hazardous Waste Control Law,

California Health and Safety Code §§ 25115, 25117, 25122.7, 25140; defined as a hazardous substance under the Hazardous Substance Account Act, § 25316 of the California Health and Safety Code; defined as a hazardous material, substance or waste under the Hazardous Materials Response Plans and Inventory, California Health and Safety Code § 25501, or 25281 (Underground Storage of Hazardous Substances); listed or defined as hazardous or extremely hazardous pursuant to Title 22, Article 9, California Code of Regulations; designated as a hazardous substance pursuant to Section 300 of the Water Pollution Control Act, 33 U.S.C. 1317, et seq.; or defined as a hazardous waste or substance pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.; or the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq.; petroleum; lead; or asbestos.

- c.) Neither party shall cause or permit any Hazardous Materials to be brought on, treated, kept, used, stored, disposed of, discharged, released, produced, or generated in, on, under or about the Premises by itself, its agents, employees, contractors, subtenants, assignees, or invitees without the prior written consent of the other party which shall not be unreasonably withheld. The restriction in the preceding sentence will not apply to products that are (i) within the definition of Hazardous Materials but that are used in connection with County's business of operating the Museum and the activities County is permitted to conduct in the Museum under this Lease, and (ii) brought on, treated, kept, used, stored, disposed of, discharged, released, or produced in a manner that complies with all laws regulating such Hazardous Materials.
- d.) Each party shall defend, indemnify and hold the other party harmless from any and all Environmental Damages relating to any Hazardous Material brought on, treated, kept, used, stored, disposed of, discharged, released, produced or generated by such party, its employees, agents, contractors, subtenants, or assignees, and from any and all Environmental Damages arising from Hazardous Materials in, on, under the Premises.
- e.) Each party shall indemnify, defend, and hold harmless the other party, at its sole cost and expense, and promptly take action to remediate the Premises necessitated by the presence of Hazardous Materials in, on, under or about the Premises and caused by the indemnifying party's use or occupancy of the Premises or the Park, or by a release of Hazardous Materials that migrate on or from the Premises or the other areas of the Park. Such action includes, but is not limited to: investigation of the environmental condition of the Premises, the preparation of any feasibility studies, reports or remedial plans, and the performance of any cleanup or remediation required by law. Such Party shall

proceed continuously and diligently with such investigatory and remedial action. All action shall be performed in a good, safe and workmanlike manner. Each party shall promptly provide to the other copies of testing results and reports in connection with its action pursuant to this Section. If either party discovers Hazardous Materials which have not been properly cleaned up or remediated, the discovering party shall notify the other, provide reasonable time to remediate, and if such remediation is not completed within a reasonable period, then the discovering party at its sole discretion may pay to have same removed and may seek reimbursement for such removal from the party that caused the release of the Hazardous Materials.

- f.)** Each party shall comply with the notice requirements of California Health and Safety Code § 25359.7 and/or any successor or related statute regarding notice to any party of the discovery of the presence, or suspected presence of any Hazardous Materials on the Premises.
- g.)** Each party shall comply with all permits, regulations or orders of the Regional Water Quality Board, County, Department of Toxic Substances Control, or any other state, local or federal governmental entity having jurisdiction or authority over matters relating to removal and/or discharge of waters or other liquids from the Premises.
- h.)** Each party will be responsible for the reporting of Hazardous Material presence (except for those materials customary to the operation of a Museum) or releases to the appropriate public agencies when such presence or releases are caused by or result from its activities. Each party shall immediately notify the other of any releases of Hazardous Materials, whether or not the release is in quantities that would otherwise require a report to a public agency.
- i.)** Each party shall comply with all applicable laws, ordinances, and regulations pertaining to Hazardous Materials. County shall bear any and all cost and expense associated with the use, storage, and disposal of Hazardous Materials at the Premises.
- j.)** Each party hereby warrants and represents that it shall not cause the presence, use, storage, or disposal of any Hazardous Materials on or about the Premises except as permitted by subsection (c) above (such as cleaning fluids, embalming fluids, and other materials customarily used in connection with the operation of the Museum and the activities permitted in the Museum under this Lease).

- k.) Each party hereby warrants and represents that it will comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of Hazardous Materials on the Premises.

14. COMMON AREA COSTS.

- a.) The parties acknowledge that, as of the Effective Date, the District provides a variety of services that benefit users of the Park generally rather than serving just particular Members or institutions, as more particularly described in Section 15 below ("**Common Area Services**") in those portions of the Park not occupied or used exclusively by a Member, a lessee, or a facility ("**Common Areas**"). The Park's Common Areas are depicted on Exhibit D to this Lease. The District agrees that, subject to the terms of Section 15(d) below, so long as County pays a portion of the costs associated with the operation of the Common Areas in accordance with the terms of this Section 14 (or if such payment obligation is excused under Section 6 above), the District shall continue to maintain the Common Areas and provide the Common Area Services. In addition to the Common Area Services, the District also provides or causes to be provided certain landscaping services that take place within County's premises that mainly benefit County, and the cost of such services is included in the Base Year Amount (defined in Section 14(b) below).
- b.) Commencing in the initial Qualifying Year, County will pay \$360,000 ("**Base Year Amount**") as its pro-rata share of the cost of the Common Area Services less the amount of the applicable Credit Amount as described in Section 14(h) below. The Base Year Amount represents County's total annual payment for Common Area Services, and District may not impose any additional costs on County relating to the Common Area Services or other costs shared by the Park Members ("**Additional Costs**") unless the County consents to paying its pro rata share of such Additional Costs, which consent will not be unreasonably withheld.

County agrees that its consent to any Additional Costs will not be withheld when such Additional Costs are reasonably based on a significant change in circumstances and appropriately allocated. In the event the County reasonably in good faith disagrees that a significant change in circumstances has occurred, or demonstrates that the significant change in circumstances presents a fundamental departure from the risk assumptions and the intent of the parties relating to Common Area Costs or Common Area Services, then the parties shall, upon the request of either party, engage in good faith negotiations with the intent and goal of reaching an agreement that will preserve each party's anticipated benefits and respective rights and obligations under this Lease.

If the parties reach agreement in accordance with this Section 14(b), or if Additional Costs result from the dispute resolution procedures set forth in Exhibit F, the Additional Costs shall be incorporated into this Lease without further compliance with Section 28(a) of this Lease. Any adjustment to the amounts to be paid to the District that is subsequently agreed to by the parties shall be effective as of the earlier of the next fiscal year after the date either party first requested renegotiation in accordance with this Section 14(b), or the date on which the District began incurring such Additional Costs.

If the parties fail to agree upon renegotiated amounts or that a significant change of circumstances has occurred pursuant to this Section 14b within ninety (90) days of one party issuing a notice of a request for renegotiation, either party may elect to initiate the dispute resolution procedures set forth in Exhibit F hereof.

As used herein, the term **"Qualifying Year"** means a fiscal year (July 1 through June 30) during the Term of this Lease in which each of the following has occurred and the Park Manager has notified County that each of the following has occurred: (i) the Coliseum Commission has agreed (in its lease with the District or by other binding agreement) to pay its Pro-Rata Share of the cost of the Common Area Services; and (ii) the California legislature has allocated to the Park Manager's Office (or otherwise designated for Park management) sufficient funds in the State budget to cause the California Science Center to pay its Pro-Rata Share of Common Area Services, and the Park Manager (or such other person responsible for payment of Park expenses) will have caused the Common Area Services (as defined in Sections 15(a) – 15(d) below) to have been performed in the applicable fiscal year. The Base Year Amount is a stipulated figure which represents the parties' estimate of County's Pro-Rata share of the cost to maintain, service, and operate the Common Areas of the Park. As used herein, a Member's pro rata share (**"Pro-Rata Share"**) means a fraction, expressed as a percentage, the numerator of which is the ground area in the premises occupied by that Member, and the denominator of which is the total ground area of the Park. The Museum's initial Pro-Rata Share is 11%, and the Pro-Rata Share of each Member is more particularly described on Exhibit E to this Lease. A Member's Pro-Rata Share will be increased if additional land is added to that Member's premises, and will be decreased if that Member's premises is reduced in size. If County requests the District to perform additional services beyond those that are provided as of the Effective Date, whether the service is performed in the Premises or in a Common Area, the cost of such additional services will not be considered part of the Base Year Amount and will be negotiated by the parties in good faith before the District begins to perform the new service.

- c.) During all fiscal years that this Lease is in effect before the first Qualifying Year, County will be required to pay, as its Pro-Rata Share of the cost of operating the Common Areas, no more than the amount that County paid during the full fiscal year immediately before the Effective Date. County will commence paying the Base Year Amount as provided in Section 14(d) hereof, reduced by its credit for parking revenues as set forth in Section 14(h) below, during the first fiscal year after the fiscal year in which the Coliseum Commission and the California Science Center Museum have agreed, in writing (either in a lease with the District or by resolution passed by its governing board setting forth such obligations), to pay their respective Pro-Rata Shares of the Common Area Services.
- d.) Subject to the provisions of Section 14(g) below, County will pay a total of one-third (1/3) of the Base Year Amount during the first Qualifying Year; a total of two-thirds (2/3) of the Base Year Amount during the second Qualifying Year; and will pay the full Base Year Amount during the third Qualifying Year. After the conclusion of the third Qualifying Year, the Park Manager may increase the amount charged to County as its Pro-Rata Share of Operating Costs above the Base Year Amount in any Qualifying Year as follows: the amount of the increase in the Adjusted Base Year Amount in any fiscal year after the third Qualifying Year will equal the percentage change, if any, of the expense items of the Exposition Park Management Budget approved by the State Legislature excluding costs related to the California Science Center Museum or any other Member's facilities or operations and capital expenditures ("**Park Expenses**") as compared to that of the preceding fiscal year provided that the percentage increase in the Adjusted Base Year Amount in any fiscal year may not exceed the percentage increase over the preceding fiscal year of the Consumer Price Index published by the United States Department of Labor applicable to the greater Los Angeles area, or any successor to such index ("**CPI**"). The Base Year Amount, after any adjustment in accordance with this Section 14(d), will be referred to in this Lease as the "**Adjusted Base Year Amount.**"
- e.) With respect to each Qualifying Year, to facilitate County's budget preparation process, the Park Manager shall prepare and deliver to County and all of the other Members not less than 10 months in advance of the applicable Qualifying Year, a draft of the proposed Park Budget including any proposed percentage increase in the Common Areas' costs of the Park Expenses. The Park Manager shall also deliver to County the final Park Budget promptly after it is approved by the State legislature.
- f.) Intentionally Omitted.

- g.) County shall pay the Base Year Amount, or the Adjusted Base Year Amount, as applicable, less the Credit Amount (as described in Section 14(h) below), as adjusted, in twelve equal installments due and payable on the first day of each month commencing on August 1 of the applicable fiscal year.
- h.) In recognition of the revenues generated by patrons of the Museum who park in the Park's Common Areas, County will be entitled to receive a credit against the Base Year Amount or the Adjusted Base Year Amount, as applicable, in the amount stipulated in the balance of this Section 14(h). The amount of the credit ("**Credit Amount**") is agreed to be \$125,000 in the initial Qualifying Year of this Lease. The Credit Amount that will be applied in each Qualifying Year thereafter will increase by a percentage equal to the same percentage increase applied to the Base Year Amount or Adjusted Base Year Amount, as applicable, in the preceding fiscal year. The Credit Amount will be applied as follows: during the first Qualifying Year that this Lease is in effect, County will receive a credit in the amount of one-third (1/3) of the Credit Amount; in the second Qualifying Year that this Lease is in effect, County will receive a credit in the amount of two-thirds (2/3) of the Credit Amount; in the third Qualifying Year that this Lease is in effect, and in all subsequent Qualifying Years during the Term, County will receive a credit in the amount of the Credit Amount. Notwithstanding County's right to a credit against the Base Year Amount, the amount County will pay for Common Area Services in any Qualifying Year will not be less than the amount paid by County in the fiscal year immediately preceding the first Qualifying Year. During each fiscal year that this Lease is in effect, County will realize the benefit of the credits described in this Section 14(h) in 12 equal installments, by deducting 1/12 of the Credit Amount from the monthly payment that would otherwise have been due from County for payment of the Base Year Amount or the Adjusted Base Year Amount, whichever is applicable. County may not use the Credit Amount to offset any costs that relate to events within the Premises for the sole benefit of County.
- i.) County and District agree that if, during the term of this Lease, the area in the Park that comprises the Common Areas (as depicted on Exhibit D) is reduced in size by 20% or more (due to one or a series of events that result in a cumulative reduction by such amount), then either party may request that the Adjusted Base Year Amount then in effect be adjusted to reflect more accurately the benefits each Member receives from the Common Area Services. Following a request to adjust the Adjusted Base Year Amount, the parties will negotiate in good faith to determine an appropriate adjustment that will result in a payment by County that reflects the Common Area Services then being provided by District. In determining the adjustment to the Adjusted Base Year Amount, the parties may

also consider other relevant facts, including any reduction in the District's cost to provide the Common Area Services as a result of the reduction in size of the Common Areas.

- j.) County may audit the District's or Park Manager's expenditures for Common Area Services at any time within six months after both the completion of the applicable fiscal year and delivery to County of a fiscal year-end financial statement of all revenues and expenses for the Park and the allocation of Common Area Services. The District will use reasonable efforts to facilitate any audit performed by County, which efforts will include producing for County all underlying documents and invoices relating to expenses relating to Common Area Services and the allocation of the cost of Common Area Services to the respective uses and/or Members. Any such audit will be at County's sole cost and expense unless County is able to demonstrate improper expenditures or use of County's funds for other than Common Area Services that total more than five percent of the amount that should otherwise have been spent on Common Area Services, in which case the District will set aside the appropriate amount of funds for the provision of Common Area Services and reimburse County for all costs and expenses related to the audit.
- k.) Notwithstanding any other provision of this Lease, if, during the Term of this Lease, the National Football League ("NFL"), or any NFL team, has acquired the right by contract, lease, or otherwise to play games in the Coliseum, and the NFL or the NFL team playing in the Coliseum has agreed to pay more than the Pro-Rata Share of Common Area Services than would otherwise have been the responsibility of the party operating the Coliseum, then County's obligation to pay the Base Year Amount or the Adjusted Base Year Amount, whichever is applicable, will be reduced by County's Pro-Rata Share of the additional amount that the NFL or the NFL team has agreed to pay. County will also have no obligation to pay additional costs or expenses arising from an NFL team playing games in the Park, or from any other event being held in the Park, including, by way of example but not limitation, any increased costs for security, maintenance, capital improvements, or upgrades to the Coliseum or the Park to accommodate NFL games or other events in the Park.

15. COMMON AREA SERVICES.

The Common Area Services that the District will provide throughout the Term of this Lease in consideration for County's payment of the Base Year Amount and the Adjusted Base Year Amount are subject to the California Legislature appropriating funds to the Park for this purpose. The Common Area Services will include, by way of example and not limitation, the following:

- a.) The Park Manager's supervision and management of all activities in the Park in a manner that benefits all Members;
- b.) Provision of all utilities and maintenance and janitorial services for the lawns, improvements and appurtenant structures in the Common Areas. This includes, but is not limited to, the exterior surfaces, roofs, patios, terraces, porches and entrance areas. In addition, District will maintain or cause to be maintained the landscaping in the Common Areas such that the Common Areas are clean, free of debris, and maintained in a manner that is at least as thorough as the maintenance standards employed in other, similarly situated, state parks. Without limiting the foregoing, the District will perform the following maintenance services in the Common Areas: litter, trash and debris pickup and removal; lawn mowing; edging; shrub and tree trimming; pruning; fertilizing; weed control; lawn repair, aerating and maintenance; reseeding and resodding as necessary; pest control; maintenance, repair, replacement and relocation as necessary of the irrigation system including sprinkler heads, valve boxes, valves, controls, piping and anti siphon devices; decorative plantings such as annual flowers and bedding plants, and shrub replacements; removal of all landscape debris, including dead and/or diseased shrubs and trees; graffiti removal and repair in all areas of the Park except for the exterior of the improvements on the Premises and in the interior of the Museum. County will be responsible for the removal and repair of graffiti on the exterior of the improvements on the Premises and in the interior of the Museum. Maintenance of the Common Areas includes annual repairs and maintenance of all streets, sidewalks, accessways, lighting, street sweeping, curb and gutter cleaning and repair, care of park tables, benches, signage and procurement of same when deemed necessary by the Park Manager;
- c.) Park Museum Security Officers ("MSOs") who will patrol perimeter areas of the Sports Arena, California African American Museum, California Science Center Museum, the Museum, the Coliseum, Exposition Park Rose Garden, Jesse Brewer Park, the play fields located at Menlo Avenue and Leighton, the Exposition Park Intergenerational Community Center, and all proposed promenade areas as described in the Master Plan. The authority of the MSOs is limited to the Park for the purpose of performing their primary duties. Officers protect life and property on foot, in a patrol vehicle or on bicycle, have powers of arrest authority under Section 830.7 (g) of the California Penal Code and are allowed to carry firearms while on duty and on state property. The services provided by the MSOs will include, but will not be limited to: patrolling the 147.5 - acre Exposition Park interior and exterior perimeter in vehicles, bicycles and on foot; guarding buildings against the admission of undesirable or unauthorized persons and from being defaced or destroyed; providing crowd control; directing traffic/issuing citations;

enforcing parking regulations; directing the public (giving information); patrolling Common Areas during large events held or sponsored by a Park occupant (it being acknowledged that the District is not responsible for additional security necessitated by large events held by Members other than the District); providing adequate security in the Park's parking lots, overseeing any filming in the Park, and performing other functions related to the safety of Park guests and employees.

- d.) County and the District agree that the funds necessary to provide the Common Area Services must be appropriated by the California State Legislature. If for any reason during the term of this Lease, the District cannot provide Common Area Services in the Park because the California State Legislature fails to appropriate funds for this purpose, and no other sources are available to fund such services, then County's obligation to pay its Pro Rata Share of Common Area Services will be suspended until the District resumes providing the Common Area Services. Suspension of County's obligation to pay its Pro Rata Share of the Common Area Services under the terms of this Section 15(d) will not affect the other provisions of this Lease, all of which will remain in effect.

16. MAINTENANCE, ALTERATIONS AND REPAIRS.

- a.) County shall be responsible for and perform all janitorial and building maintenance services for the improvements and appurtenant structures within the Premises. This includes but is not limited to the exterior surfaces, roofs, patios, terraces, porches and entrance areas.
- b.) County shall have the right to make internal and external improvements, alterations or additions to the Premises, including demolition, new construction and removal of materials. All costs related to any improvements shall be the sole responsibility of County.
- c.) The District's approval right with respect to County's improvements, alterations, and additions (other than the construction matters addressed in Section 5(a) of this Lease) will be limited to reasonably exercised disapproval of any use, improvement, alteration or addition that (i) is not permitted under the use provisions of this Lease; (ii) violates a material provision set forth in the Exposition Park Master Plan as such document exists on the Effective Date; or (iii) materially increases the risk to the health, safety and welfare of the Park's students, faculty, employees and visitors. When reasonably required (such as for construction or temporary exhibits), temporary or modular facilities will be permitted. County recognizes that the Premises are located at a very visible portion of Exposition Park and the appearance of the

site and elevations thereon from all exterior views will have an effect on the image of the Park.

- d.) County shall make, at its own expense, any and all necessary repairs to, or replacement of, any equipment, structures, or other physical improvements placed by it upon the Premises in order to comply with any and all applicable regulations, laws or ordinances. All signage shall conform to the provisions set forth in the Park's Master Plan.

17. **DAMAGE AND DESTRUCTION OF PREMISES.** If the improvements on the Premises or any part thereof is destroyed by fire or other casualty event at anytime during the term of this Lease, County and/or District, whichever party has the insurable interest, upon its receipt of such insurance proceeds, shall with all due diligence proceed to repair, restore or rebuild the damaged improvements on the Premises to the extent it is economically feasible. If County determines in its reasonable discretion that the damage caused by the casualty event is so substantial that it is not economically feasible to repair, restore, or rebuild such damaged improvements on the Premises, then County may elect to terminate this Lease. If County elects to so terminate this Lease, then, at the request of the District, County will demolish the damaged improvements on the Premises before returning possession of the Premises to the District.

18. **ASSIGNMENTS AND SUBLETTING.**

- a.) County shall not either directly or indirectly give, assign, hypothecate, encumber, transfer or grant control of this Lease, or any portion thereof, or any interest, right or privilege therein (other than in connection with a bond financing or similar financing by County) or sublet the whole or any portion of the Premises or license the use of the same, in whole or part, without the prior written consent of District which may not unreasonably be withheld. The restrictions in the preceding sentence will not apply to food service, gift shop, or similar concessions, exhibits owned by persons or entities other than the Museum, or other services or activities performed by third parties within the Premises that are consistent with the uses that County or an Affiliate is permitted to undertake under the terms of this Lease.
- b.) No assignment or subletting for concessions described above, shall relieve County from its responsibility to pay rent assumed under the provisions of this Lease, and County shall remain liable for costs, payments and other obligations established in this Lease unless the District agrees to release County from such responsibility.

19. **RESERVATIONS.** The Premises are accepted by County subject to any and all existing easements or other encumbrances of which it has received notice as of the Effective Date. District may grant additional

easements or rights of way as required for the public good, in a manner which does not interfere with the use of the Premises; provided County reasonably approves the scope and location of the easement before it is granted. District reserves the right to establish, grant or utilize easements or rights of way under and along the Premises for utilities, pipelines, drains or access as are required for the public good; provided, however, that District agrees to exercise said rights in such a manner as will not unreasonably interfere with County's use of the Premises; and provided further any additional easement and/or right of way shall only be granted upon the approval of its nature and location by County. County agrees such approval shall not be unreasonably withheld.

20. TERMINATION BEFORE EXPIRATION.

- a.)** If either party fails to perform, keep or observe any of the terms, conditions or covenants set forth in this Lease, other than payment of rent or payment of a Pro Rata Share of Common Area Services, the other party may give written notice to correct such condition or cure such default. The other party may elect to correct such condition or cure such default, and must do so within ninety (90) days after receiving notice that a material breach of this Lease has occurred; except that with respect to the County's payment of rent or its Pro Rata Share of Common Area Services, the County must cure a failure to pay such amount within 15 days after receiving notice from the District. If the District and County disagree as to the amount of County's Pro Rata Share of Common Area Services in any fiscal year, then County will pay the amount it paid in the preceding fiscal year for its Pro Rata Share of Common Area Services until the dispute is resolved, at which time County will pay any additional amounts or receive a credit for any amount that it has overpaid, as the case may be. With respect to all non-monetary defaults, if the default is of such nature that it cannot be remedied within ninety (90) days, and if the party alleged to be in default has commenced the elimination of such default promptly after the receipt of such notice and shall continuously and diligently proceed in good faith to eliminate such default, then the period for correction shall be extended for such length of time as is reasonably necessary to complete such correction or cure such default.
- b.)** District shall have the right terminate this Lease upon or within a reasonable time after receiving notice of the occurrence of any of the following events: County's filing of a voluntary petition in bankruptcy; the adjudication of County as a bankrupt; the appointment of any receiver of County assets; the making of a general assignment for the benefit of creditors; the occurrence of any act that operates to deprive County permanently of the rights, powers and privileges necessary for the proper conduct and operation of Premises under this Lease and which is not dismissed

with ninety (90) days; or the level of any attachment or execution which substantially interferes with County's operations under this Lease and which attachment or execution is not vacated, dismissed, stayed or set aside within a period of ninety (90) days.

- c.) District shall have the right to terminate this Lease and County's right to possession of the Premises shall terminate upon the voluntary, unscheduled abandonment, discontinuance of its operations or use as a Museum facility on the Premises for more than six (6) consecutive months, unless due to (i) a force majeure event or other event beyond County's reasonable control, or (ii) a construction or re-construction project by County.
- d.) Upon any termination of this Lease, County covenants and agrees to surrender and deliver up the Premises and property peaceably to District immediately upon any such termination. In the event of the failure of County to remove personal property, machinery, or fixtures belonging to it on the Premises within 180 days after any termination of this Lease, District may remove such personal property and place the same in storage at the expense of County and without liability to District for loss thereof.
- e.) Should County determine that the improvements on the Premises are no longer needed for a Museum, or if County determines for any reason that it can no longer continue to operate the Museum, County may terminate this Lease upon one year's written notice to the District.
- f.) Upon any termination of this Lease by either party under the terms hereof, it is recognized by the parties hereto that any consideration or funds invested into the design and construction of the facilities would not be available to be reimbursed to County.
- g.) In the event there is a conflict between this Lease with the District and the lease with the City with respect to a portion of the site underlying the Museum, and in the future the State acquires the City's interest in said City property, then the terms of this Lease shall apply to the City parcel, the City lease will terminate, and the Premises will be deemed to include that portion of the Park formerly owned by the City and leased to County.

21. **TAXES.** Each of the parties to this Lease is a public entity which is not subject to any real property taxation. Notwithstanding that fact, the property interest in the Premises conveyed herein may be subject to real property taxation or assessment. County agrees to pay before delinquency all lawful taxes, general and special assessments, fees or charges which at any time may be levied by the State of California (not as landlord hereunder but in its capacity as a taxing entity), County, City or any tax or assessment-levying body upon any interest in this Lease or

any possessory right which County has in or to the Premises or improvements thereon by reason of its possessory rights, use or occupancy thereof, or otherwise as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, equipment owned or used by it in or about said Premises. County shall be solely responsible for the payment of such taxes, assessments, fees or charges if lawfully levied. County shall have the right to contest any such tax. In the event any such taxes or assessments described in this section attributable to the Premises are charged to District, District shall notify County in writing of the amount due and County shall pay District said amount within 30 days of such notice, provided that County does not contest the tax or assessment.

- 22. ACCESS.** District shall provide and maintain availability of pedestrian and vehicular access over all Common Areas and all property owned or controlled by District to the extent such pedestrian and vehicular access is available as of the Effective Date. With respect to those access areas on Menlo Avenue, so long as the City of Los Angeles or District controls or maintains Menlo Avenue and it remains open to traffic, District shall use its best efforts to maintain access from Menlo Avenue to the Premises. District will also use its best efforts to cause the City of Los Angeles to continue providing access to the Park on Menlo Avenue and will provide patrons of the Museum with access within the Park from Menlo Avenue to the Premises. District will use reasonable efforts to provide alternate access if access from Menlo Avenue is ever discontinued by the District or the City of Los Angeles.

23. REMEDIES.

- a.)** In the event of a material breach of this Lease by County after County has had the opportunity to cure such breach pursuant to the terms of this Lease, District may elect to: (i) continue under the Lease; (ii) terminate the Lease only; (iii) terminate the Lease and seek damages; or (iv) seek injunctive relief.
- b.)** In the event of a material breach of this Lease by District after District has had the opportunity to cure such breach pursuant to the terms of this Lease, County may elect to: (i) continue under the Lease; (ii) terminate the Lease only; (iii) terminate the Lease and seek damages; or (iv) seek injunctive relief.
- c.)** Each material term and provision of this Lease shall be construed to be both a covenant and a condition. Performance of each of the material covenants and conditions set forth in this Lease is a substantial inducement to the making of this Lease, and a violation of any such material covenant or condition shall give a right to terminate this Lease pursuant to the terms of this Lease, and any interest created by or through it, subject to the non-performing party's right to cure the violation. No remedy or election hereunder

shall be deemed exclusive, but shall, whenever possible, be cumulative with all other remedies at law or in equity.

24. **EMINENT DOMAIN.** If at any time during the term hereof County is deprived of the Premises, any part thereof, or any interest therein by condemnation or like proceedings or by conveyance in lieu thereof, this Lease and each and all of the obligations of County therein shall terminate, at the sole discretion of County, as to any such portion of the Premises so taken but shall remain in full force and effect as to the remainder of the Premises except if the diminution of County's possessory interest is so substantial as to prevent its operation, in which case, the Lease may terminate, at County's option, as of the date of the taking. Nothing in this section shall be construed to deprive County of any right it may have to fair market value or damages for the bonus value of the unexpired term of this Lease or for County's improvements, trade fixtures, personal property or relocating expenses, or remaining rights to use of the improvements.
25. **FORCE MAJEURE.** Neither party shall be liable for failure to perform any act required by this Lease or for any loss, injury, damage or delay of any nature whatsoever caused by or resulting from any act of God, fire, flood, strike, dispute, riot, insurrection, civil disturbance, or any other cause beyond its reasonable control.
26. **QUIET ENJOYMENT.** County shall have the right to quiet enjoyment of the Premises, including all areas as to which it has sole possession, as depicted on Exhibit A attached hereto.
27. **NOTICES.** All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered (including by means of professional messenger service) or sent by overnight courier, or sent by registered or certified mail, postage prepaid, return receipt requested to the addresses set forth below, or sent by electronic facsimile to the telefacsimile numbers set forth below. All such notices or other communications shall be deemed received upon the earlier of (i) if personally delivered or sent by overnight courier, the date of delivery to the address of the person to receive such notice, (ii) if mailed as provided above, on the date of receipt or rejection, or (iii) if given by electronic facsimile, when received by the other party if received Monday through Friday between 9:00 a.m. and 5:00 p.m. so long as such day is not a state or federal holiday and otherwise on the next business day.

To County of Los Angeles:

County Counsel
648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012
Telefacsimile: (213) 617-6182

Chief Administrative Office
713 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012
Telefacsimile: (213) 687-7130

President and Director
Los Angeles County Museum of Natural History
900 Exposition Boulevard
Los Angeles, CA 90007-4057
Telefacsimile: (213) 746-7538

To the District

Park Manager
Exposition Park
700 State Drive
Los Angeles, CA 90037
Telefacsimile: (213) 744-2225

Executive Director
California Science Center
700 State Drive
Los Angeles, CA 90037
Telefacsimile: (213) 744-2034

Notice of change of address or facsimile number shall be given by written notice in the manner described in this section 27.

28. MISCELLANEOUS.

- a.) **Entire Agreement.** This Lease constitutes the entire and sole agreement of the parties hereto, contains all agreements and understandings of the parties, supersedes the lease referenced in Section 1, and constitutes a written integration of all negotiations between the parties relating to the subject matter hereof, incorporating each and every representation, promise or warranty, whether oral or written, among the parties with respect hereto. This Lease solely governs all the remaining rights and obligations of all parties to this Lease with respect to the Premises. No party has made any representation, promise or warranty to the other with respect to the matters addressed herein except as expressly set forth in the Lease. The parties hereto agree to execute and deliver any and all additional papers, documents, and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties to this Lease. No modification of this Lease may be made except in writing and signed by both parties.

- b.) **Severability.** The invalidity of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.
- c.) **Waiver.** No waiver by either party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach of the same or any other provision.
- d.) **Section Headings and Exhibits.** The section headings contained herein are for convenience only, and are not intended to define or limit the scope of any provision of this Lease. Exhibits A through E attached hereto are hereby incorporated into this Lease as if fully set forth herein.
- e.) **Consent.** A party's consent to, or approval of, any act for which consent or approval is required hereunder shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act by the other party.
- f.) **Authority to Execute.** Each of the persons executing this Lease represents and warrants that he/she is signing and agrees to indemnify, defend, and hold the parties hereto harmless in the event such authority is found lacking.
- g.) **Advice of Counsel.** The parties represent and warrant that they have had the advice of counsel of their own choosing in the negotiation for and the preparation of this Lease, and that they have read this Lease, or have had the same read for them by counsel, and that they have had this Lease fully explained to them by their counsel, and they are fully aware of the Lease's legal effect and are signing this Lease voluntarily of their own free will.
- h.) **Effect on Agents.** The terms of this Lease shall bind and inure to the benefit of the parties and each of their respective agents, employees, successors, heirs, administrators, executives, assigns, partners, devisees, legatees or new corporation or other new business entity, as applicable.
- i.) **Multiple Originals.** The Lease may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original and taken together, shall constitute one and the same Lease, which shall be binding and effective as to all parties. A telefax signature shall have the same force and effect as an original.
- j.) **Governing Law.** This Lease shall be construed and interpreted in the courts of and pursuant to the laws of the State of California.
- k.) **Terms Reasonable.** The parties hereby agree that, at the time of the execution of this Lease, the terms of the Lease are reasonable

and effectuate the intent and purpose of the parties with respect to the terms thereof.

- l.) **South Lawn Portion of the Common Area.** With respect to the Common Area south of and outside the Premises, commonly known as the "South Lawn," the District and County agree that the South Lawn is designated as open space in the Master Plan applicable to the Park. The District agrees that no structure may be erected on the Common Area portion of the South Lawn without an amendment to the Park's Master Plan, and, notwithstanding any other provision of this Lease, the District may not take any actions that affect the South Lawn (including allowing parking on the South Lawn) that will regularly and unreasonably interfere with access to or visibility and the daily operations of the Museum. The District acknowledges that County or an Affiliate may use portions of the South Lawn that are outside of the Premises for temporary exhibits or other temporary programming (including related festivals and Museum fundraising events), provided that Museum notifies the Park Manager at least 30 days in advance of the exhibit or program and that the Park Manager approves it in its reasonably exercised judgment.
- m.) **Events in Parking Areas Adjacent to the Premises.** The Park Manager will review all requests for events held in any portion of the Menlo Lots (such as a concert, flea market, or destination event) and will not regularly approve such events that will, in the Park Manager's reasonable discretion, have a substantial adverse impact on the operation of the Museum. A request to conduct an event in a portion of the Menlo Lots must also be presented to the Museum for the Museum's review and comment before the Park Manager may approve the request. County will provide its comments on the proposed event within five (5) business days after it receives from the Park Manager all relevant information relating to the proposed event.
- n.) **Equal Treatment of the Members.** District agrees that it is in the best interests of all Members and the Park as a whole that each Member receives equal treatment with respect to all aspects of the daily operations of the Park. Thus, the District agrees that it will not discriminate against County in any way or offer an incentive, discount, subsidy, or other material term or favorable treatment to another Member or its employees, guests, or invitees, that relates to the operation of the Park unless such incentive, discount, subsidy, or other term is offered to County and its employees, guests, and invitees. If, in subsequent leases or otherwise, another Member or its employees, guests, or invitees are offered terms or incentives that are more favorable than the terms set forth in this Lease, then this Lease will be deemed to have been amended to include such favorable term or incentive.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed and attested by their proper officers thereunto duly authorized; the Sixth District Agricultural Association executing the same under authority of a resolution of its Board of Directors duly adopted on the _____ day of _____, 2006; and County of Los Angeles executing the same by order of the Board of Supervisors of said County.

SIXTH DISTRICT AGRICULTURAL ASSOCIATION

By _____

ATTEST:

By: _____

APPROVED:

Department of General Services

By: _____
Director

APPROVED:

State and Consumer Services Agency

By: _____
Agency Secretary

COUNTY OF LOS ANGELES

By _____
Board of Supervisors

ATTEST:

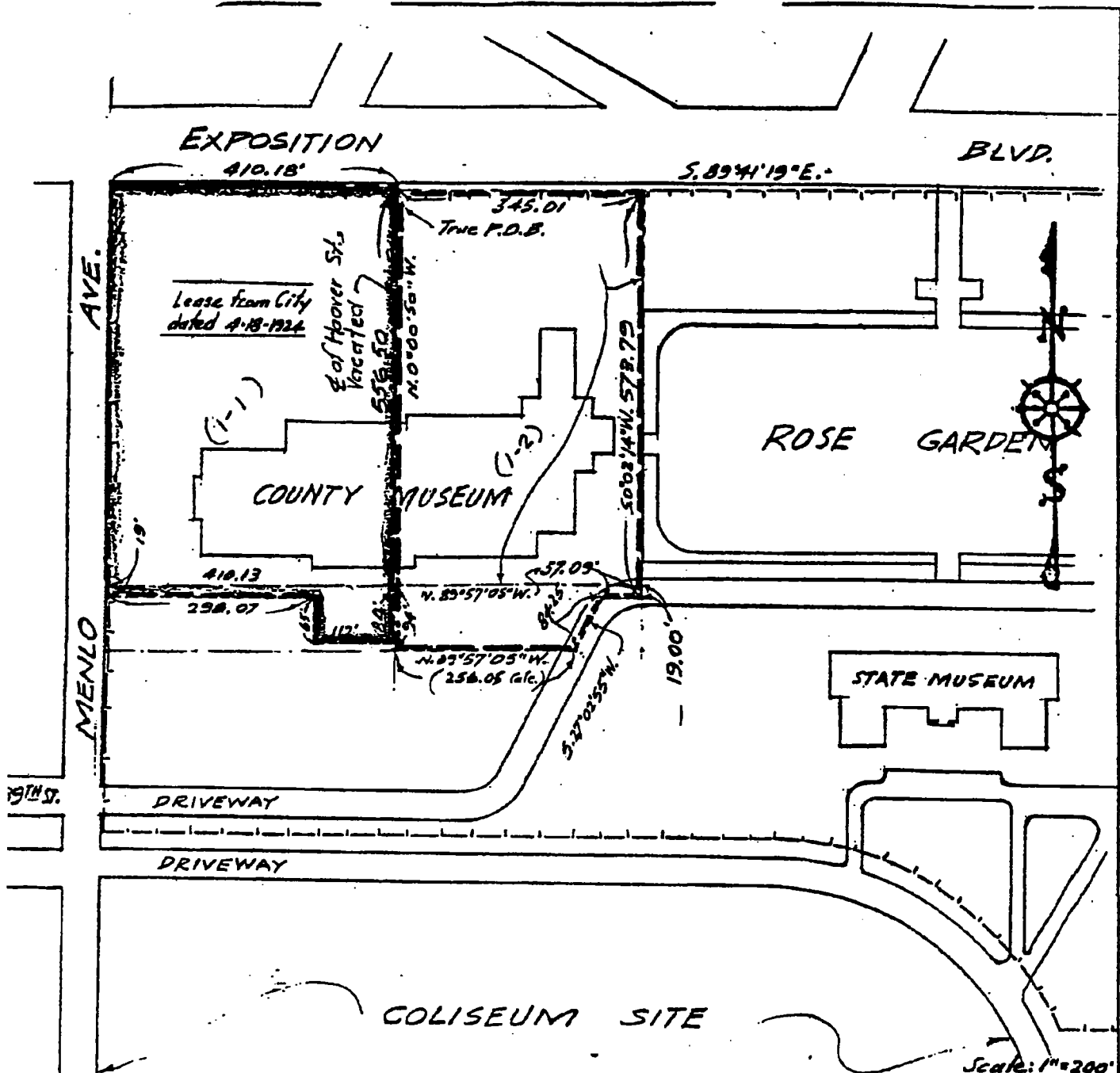
By: _____

APPROVED AS TO FORM:

By: _____
County Counsel

EXHIBIT A
SITE PLAN OF PREMISES

EXHIBIT A THE GROUND LEASED PREMISES



Scale: 1"=200'
 JAN. 22, 1960
 L.D.M.E.
 I.M. 24 (E-1)
 2ND SURDIST.

(1-2) - Area to be Leased from Sixth Dist. Agricultural Association.
 (The Ground Leased Premises)

(Portions of Southern Dist. Agricultural Park & adjoining lots,
 M.R. 4-352, alley vacated by City Ord. 31757 (H.S.) and Hoover St.
 vacated by City Ord. 32849 (H.S.)

LEASE MAP
COUNTY MUSEUM SITE - EXPOSITION PARK - LOS ANGELES

EXHIBIT B

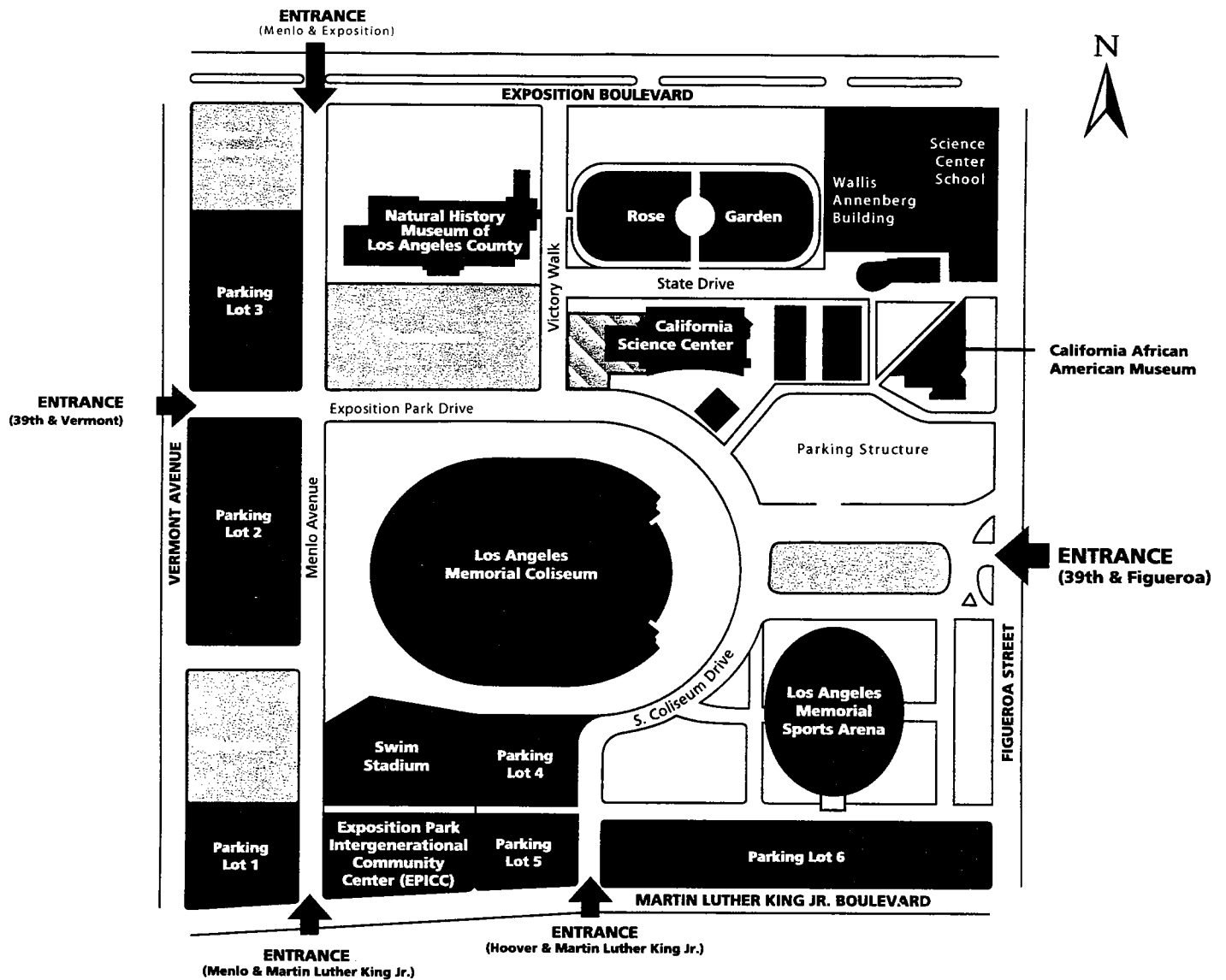
LEGAL DESCRIPTION OF PREMISES

District does hereby lease and demise unto County all those premises in the City of Los Angeles, County of Los Angeles, State of California, more particularly described as follows: to-wit:

That portion of Southern District Agricultural Park and adjoining lots, in the City of Los Angeles, County of Los Angeles, State of California, as shown on map recorded in Book 4, page 352, of Miscellaneous Records, in the office of the Recorder of said County, and that portion of Hoover Street, in said city, vacated by Ordinance No. 32849 (New Series) of said city, within the following described boundaries:

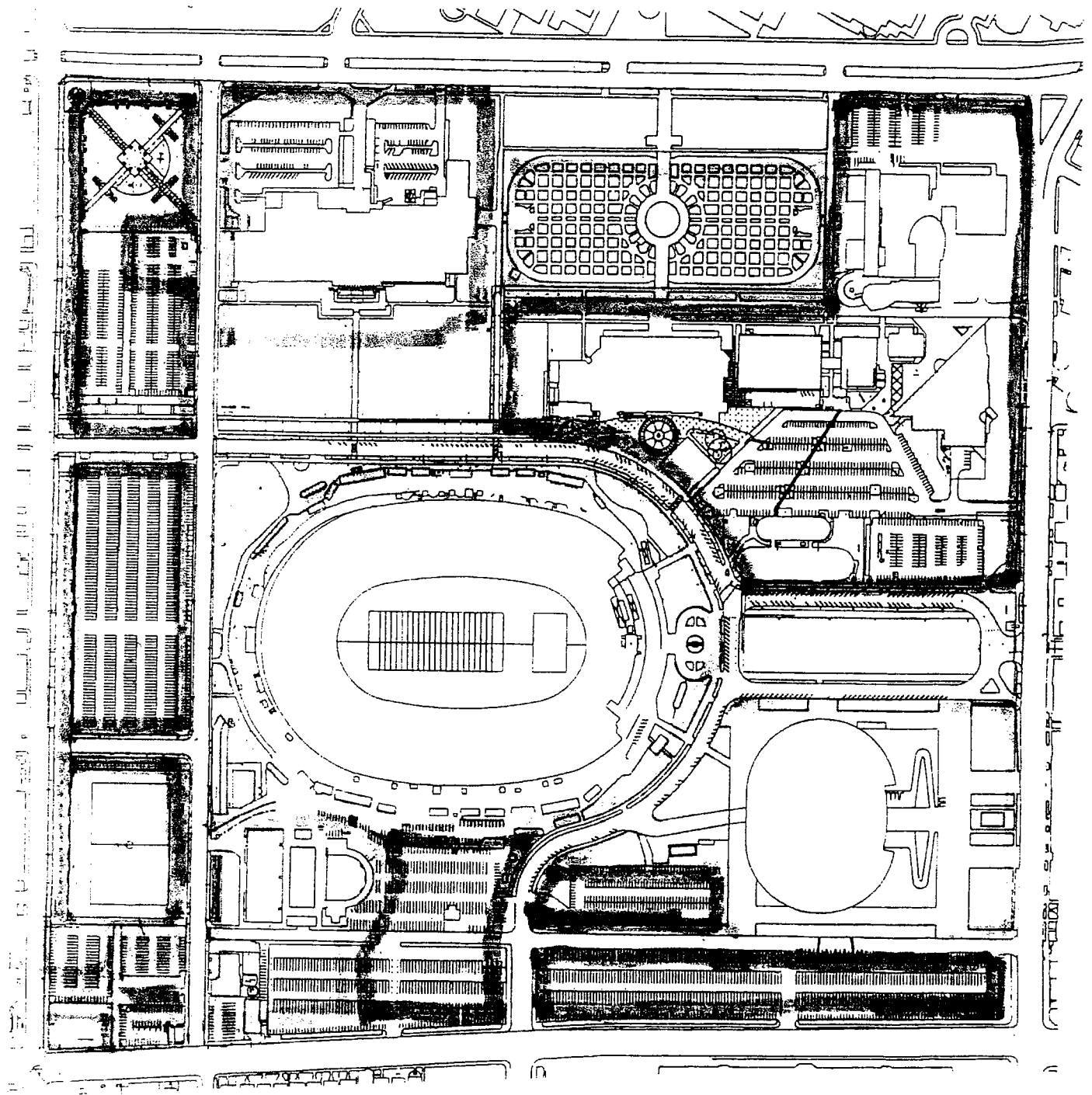
Commencing at a point in the easterly line of Menlo Avenue of record, as the same existed on July 8, 1959, thence South 39 02'04" West thereon 12.98 feet from the southerly line of Exposition Boulevard of record, as same existed on July 8, 1959; thence South 39 41'19" East 410.19 feet to a point in the center line of said Hoover Avenue, vacated, said last mentioned point being the true point of beginning; thence South 89 41'19" East 345.01 feet to the easterly line of that certain parcel of land described in an unrecorded lease from Sixth District Agricultural Association to County of Los Angeles, dated March 17, 1924; thence South 0 02'14" West along said last mentioned easterly line and its southerly prolongation 573.79 feet to a point distant South 0 02'14" West thereon 19.00 feet from the south-easterly corner of said certain parcel of land; thence North 89 57'05" West parallel with the southerly line of said certain parcel of land 57.09 feet; thence South 27 02'55" West 84.25 feet to a line parallel with the northerly line of that certain parcel of land described in an unrecorded lease from the City of Los Angeles to County of Los Angeles, dated February 26, 1930, and which passes through a point in the easterly line of said Menlo Avenue distant South 0 02'04" West thereon 94.00 feet from said northerly line; thence North 89 57'05" West along said parallel line to said center line; thence North 0 00'50" West along said center line to said true point of beginning;

EXHIBIT C
MAP SHOWING
EXPOSITION PARK



EXPOSITION PARK

EXHIBIT D
DEPICTION OF COMMON AREAS



Areas of Occupancy
EXHIBIT "D"

STATE
 LAMCC
 CITY OF L.A.
 COUNTY OF L.A.
 COMMON AREAS

EXHIBIT E

**OUTLINE OF
PRO-RATA SHARE
BY AREA**

PRO-RATA SHARE ANALYSIS

Ownership-Exposition Park

State	123.21 acres	83.0%
City of L.A. (Streets, etc.)	9.81 acres	7.0%
City of L.A. (Museum)	6.58 acres	4.5 %
City of L.A. (EPICC)	6.12 acres	4.0%
LAMCC	1.78 acres	1.5%

Occupancy-Exposition Park

State	59.18 acres	40%	(50%)
LAMCC	32.07 acres	22%	(28%)
City of L.A.(Rose Garden, EPICC)	13.28 acres	9%	(11%)
County (Museum)	13.16 acres	9%	(11%)
Common areas and Streets, etc.	29.81 acres	20%	

Pro-Rata Share (Distribution by percent of occupancy the Common Areas)

State	50%
LAMCC	28%
City of L.A.	11%
County of L.A.	11%

EXHIBIT F

DISPUTE RESOLUTION PROCEDURE

County and District affirm that the mutual objective of the dispute resolution process set forth in this Exhibit F to the Lease is to resolve the dispute as expeditiously as possible.

(a) Either party (the "Initiating Party") may initiate the dispute resolution process by sending written notice ("Request for Dispute Resolution") to the other party (the "Responding Party") requesting initiation of the dispute resolution process and setting forth a brief description of the dispute or disputes to be resolved and the contention(s) of the Initiating Party. Within ten (10) days after receipt of the Request for Dispute Resolution, the Responding Party shall send a "Response" by sending written notice to the other party setting forth the Responding Party's description of the dispute and the contention(s) of Responding Party.

(b) Notwithstanding anything to the contrary in this Lease, the parties agree that the following provisions shall apply to any and all dispute resolution procedures conducted pursuant to this Lease:

1.1 Selection of Third Party Neutral. Within ten (10) days of the date the Responding Party sends a written Response to the Request for Dispute Resolution to the Initiating Party, the parties shall attempt to agree upon a Neutral who shall decide the matter.

1.2 Neutral. The Neutral may be a retired judge of the California Superior Court, Court of Appeal or Supreme Court, or any United States District Court or Court of Appeals located within the State, who has agreed to resolve civil disputes. The Neutral shall have experience or have rendered decisions in matters involving real estate and governmental finance.

1.3 Scope of Dispute Resolution. The dispute resolution process shall not apply or be used to determine issues other than those arising from the County's decision to withhold its consent to any Additional Costs or allocation thereof in accordance with Section 14 of the Lease.

1.4 Immunity. The parties hereto agree that the Neutral shall have the immunity of a judicial officer from civil liability when acting in the capacity of Neutral pursuant to this Lease.

1.5 Evidence. Within five (5) days of selecting the Neutral, or within such time as the Neutral may request, the parties shall simultaneously exchange, by personal delivery to each other and to the Neutral, any documents to be considered by the Neutral. Unless the parties otherwise agree or the Neutral determines it is necessary to make a decision in the matter, the Neutral shall have no power to conduct a hearing,

AMENDMENT NUMBER 1 TO AGREEMENT BETWEEN COUNTY OF LOS
ANGELES AND LOS ANGELES COUNTY MUSEUM OF NATURAL HISTORY
FOUNDATION

THIS AMENDMENT NUMBER 1 is made this ____ day of ____, 2006, by and between the COUNTY OF LOS ANGELES, a body corporate and politic and a political subdivision of the State of California ("County"), and the LOS ANGELES COUNTY MUSEUM OF NATURAL HISTORY FOUNDATION, a nonprofit public benefit corporation organized under the laws of the State of California ("Foundation") with reference to that certain agreement between County and Foundation dated July 12, 1994 ("Agreement").

RECITALS

1. County and Foundation entered into the Agreement to assure stable funding and operation of the County's Museum of Natural History.
2. County now wishes to enter into a new ground lease with the State of California for a portion of the site that the Museum of Natural History occupies, the provisions of which entail additional funding requirements.
3. County and Foundation wish to modify the Agreement to assure that the County's obligations under the Ground Lease do not impair the stable funding and operation of the Museum of Natural History as provided in the Agreement and to otherwise implement potential improvements in Museum funding and operations that have been identified since the Agreement was executed.

In consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

"Maintenance and Operations Contributions"

1. The following new section is added to Section 8 of the Agreement:

(J) Costs Related to County Ground Lease from the State of California.

Notwithstanding any other provision of this Agreement, County shall pay when due directly to the State of California, or to the Foundation for payment to the State, as the Foundation may elect, all amounts payable by the County, as lessee, to the State, as lessor, under that certain Lease dated _____, 2006 ("State Ground Lease"). All such payments shall not be subject to the re-opener for a substantial budget crisis(as provided in Section 8 (H); shall not be considered a part of the County Contribution defined in Section 8(A) and therefore, not subject to the Foundation's contribution obligation under Section 8 (D); and shall not be subject to off-set or credit of any kind. County acknowledges that under the terms of the State Ground Lease, the County's annual payment obligations will vary from year to year based on the provisions and allocations of Exposition Park costs provided in the State Ground Lease. County and Foundation shall cooperate to exercise any County rights under the Ground Lease, including without limitation any right to reasonably withhold consent to increases in payments, provided that such cooperation shall not relieve County of its obligation to make all Ground Lease payments when such payments become due and payable under the terms of the Ground Lease.

" Sources of Revenue and Development Activities"

2 (a). Subsection (viii) of the first sentence of the second paragraph of Section 10 of the Agreement is amended to read in its entirety:

License museum property, including facility names and museum logos (which museum logos Foundation may change from time to time in its discretion).

2 (b). The second sentence of the fifth paragraph of Section 10 of the Agreement is amended to read in its entirety as follows:

County shall retain the right to name any County-owned museum, provided that County shall not change the name Page Museum at the

La Brea Tar Pits (also known as the George C. Page Museum of the La Brea Discoveries) or the William S. Hart Museum without the consent of Foundation as well as any other party whose consent may be required by County agreement or otherwise and provided further that the Foundation may name any separate wing, building or portion of the exterior or interior of any County-owned Museum of Natural History (including without limitation the original 1913 Building of the Natural History Museum in Exposition Park).

“Term”

3. The first sentence of Section 11 of the Agreement is amended to read in its entirety as follows:

The term of this Agreement shall commence on the date hereof and shall extend through the date that is seventy-five years from the date of approval of this Amendment Number 1 to the Agreement by the Board of Supervisors.

“Concession Agreement Approval”

4. Section 18 of the Agreement is amended to read in its entirety as follows:

Foundation is hereby delegated the authority to enter into agreements with third parties for the provision of custodial/housekeeping services.

Any concession agreement at any part of the Museum (including any agreement for provision of custodial/housekeeping services) with a term of more than five (5) years shall be submitted to the Board of Supervisors for its approval and, unless the Board of Supervisors reasonably disapproves of such contract within thirty (30) days after the filing thereof with the Board of Supervisors, the contract shall be deemed approved.

“Existing Agreements”

5. Annex A of the Agreement is amended to as follows:

The May 29, 1990 Agreement for Provision of Cafeteria and Food Services at the Natural History Museum of Los Angeles County is deemed to remain in full force and effect and will terminate concurrently the termination of this Agreement.

“El Dorado Nature Center and Petersen Automotive Museum”

5. The parties acknowledge that the Museum no longer operates either the El Dorado Nature Center or the Petersen Automotive Museum and neither party has any obligation under this Agreement related to those former Museum facilities.

6. Except as amended by this AMENDMENT NUMBER 1, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, County by order of its Board of Supervisors has caused this AMENDMENT NUMBER 1 to be executed on its behalf by the County Mayor and attested to by the Executive Officer and Clerk thereof, and Foundation has caused this AMENDMENT NUMBER 1 to be executed on its behalf by its President of the Board of Trustees and attested by its Secretary, as of the day, month, and year first above written.

ATTEST:

COUNTY OF LOS ANGELES

Saichi A. Hamai
Executive Officer – Clerk
Of the Board of Supervisors

By _____
Mayor, County of Los Angeles

By _____
Deputy

ATTEST:

LOS ANGELES COUNTY MUSEUM OF
NATURAL HISTORY FOUNDATION

James R. Gilson, Secretary

By _____
PAUL HAAGA
President of the Board of Trustees

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy

**LEASE AND LEASE-BACK AGREEMENT FOR THE PROVISION OF
IMPROVEMENTS TO THE MUSEUM OF NATURAL HISTORY**

THIS LEASE AND LEASE-BACK AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 2006

BY AND BETWEEN

COUNTY OF LOS ANGELES,
a body corporate and politic,
hereinafter referred to as
"County",

AND

LOS ANGELES COUNTY MUSEUM OF
NATURAL HISTORY FOUNDATION, a
California non-profit public
benefit corporation,
hereinafter referred to as
the "Foundation",

W I T N E S S E T H:

WHEREAS, the County ground leases from the State of California certain real property within Exposition Park pursuant to ground leases dated February 7, 1910 and March 17, 1924, which were consolidated and extended on, February 7, 1960, (the "State Ground Lease"), and currently the subject of a new ground lease; and

WHEREAS, the County entered into ground leases from the City of Los Angeles on April 18, 1924 and February 24, 1930 (the "City Ground Leases") for a additional property within Exposition Park; and

WHEREAS, the Department of the Museum of Natural History ("Department") is delegated by ordinance the authority to administer all matters related to the Museum of Natural History in Exposition Park; and

WHEREAS within the State Ground Leased Premises and the City Ground Leased Premises the County constructed and owns a a number of buildings as part of the Natural History Museum (the "Museum Facilities") including the original building constructed within the State Ground Lease Premises ("the 1913 Building"); and

WHEREAS, the Museum Facilities are funded and operated pursuant to an agreement dated July 12, 1994, between the County and the Foundation; and

WHEREAS, the County desires to authorize Foundation to upgrade the 1913 Building ("Project") by designing and constructing certain seismic upgrades and other improvements to the 1913 Building (hereinafter "Project Improvements") of the Museum of Natural History, as more particularly described in Exhibit B and subject to the terms and conditions herein; and

WHEREAS, the Safe Neighborhood Parks, Gang Prevention, Tree Planting, Senior and Youth Recreation, Beaches and Wildlife Protection ballot proposition of November, 1996 ("Proposition A") awarded five million dollars (\$5,000,000) to the Department or a

qualified non-profit such as the Foundation for improvements to the Museum of Natural History as specified in Section 3, Subsection (b), Paragraph (8) of Proposition A; and

WHEREAS, approximately \$4,350,000 of such funding remains available for eligible expenditures (including \$870,000 previously approved by the County for pre-construction activities related to seismic upgrade of the 1913 Building); and

WHEREAS, Foundation hereby agrees to contribute fifteen million one hundred fifty thousand dollars (\$15,150,000) of its Pledged Funds, as defined herein, towards the estimated cost of the Project Improvements, as defined herein, to the 1913 Building, plus such additional funding as may be required to complete the Project subject to the rights, obligations and limitations set forth herein; and

WHEREAS, separately and in addition to the Project Improvements, the Foundation desires to perform incremental structural enhancement of Museum Facilities constructed in the 1920's and/or interior modifications for the Museum Facilities to better accommodate exhibits and exhibit-related systems that Foundation is considering designing and installing ("Optional Construction"); and

WHEREAS, the County has previously contracted with Foundation for the construction of facility upgrades at the Museum of Natural History and the Foundation has successfully completed such construction; and

WHEREAS, to accomplish the foregoing, the County by this Agreement shall sublease a portion of the State Ground Leased Premises and the City Ground Leased Premises, including, but not limited to, the 1913 Building to Foundation, and Foundation shall cause construction of the Project Improvements and (to the extent determined by Foundation) the Optional Construction to be completed, and upon completion shall lease back to the County the State Ground Leased Premises and the City Ground Leased Premises, including the Project Improvements and the Optional Construction, as authorized by Government Code Section 25371. Exhibit A-1 and A-2 depict the State Ground Leased Premises, the City Ground Leased Premises and the Museum Facilities to be subleased to the Foundation;

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein the parties hereto agree as follows:

1. Project Improvements and Funding

Exhibit B, attached hereto and incorporated herein by this reference, lists the categories of Project Improvements, including improvements for which Proposition A may be a permissible source for cost reimbursement. Exhibit B also provides the budget categories for which Project funds will be spent (e.g. hard costs, soft costs, relocation costs) and the anticipated schedule for design, move-out, construction, and move-in.

The parties agree that the design and construction of Project Improvements funded by Proposition A shall conform with all

requirements of Proposition A. The parties anticipate that the cost of Project Improvements will exceed the amount of Proposition A funds available for this Project.

1.1.1 It is anticipated that the cost of the Project Improvements, including planning, design, permitting, bid acquisition, construction, inspection and related management fees, will exceed the amount of available Proposition A funds for such services. Foundation agrees to pay all of the cost of the Project Improvements in excess of available Proposition A funds from its Pledged Funds, as defined herein, plus any additional costs, which may exceed the current estimate of approximately \$19.5 million, that are required to complete the Project Improvements.

1.2 The cost of Project Improvements for which there are no available Proposition A funds, estimated at this time to be \$15.15 million, shall be paid for by the Foundation from the following pledged funding sources (hereinafter "Pledged Funds"):

1.2.1 Grant funding available for the Project from non-Proposition A sources.

1.2.2 Any other cash or securities of Foundation not subject to prior encumbrances or restrictions

1.3 Any material changes to Exhibit B must be approved by the County's Chief Administrative Office ("CAO"). The Project budget shall include a contingency in an amount deemed reasonable by the CAO. In the event the Project budget exceeds the aggregate amount of the Proposition A and Pledged Funds at any time during the term of this Agreement, the Foundation shall cause the amount of the Pledged Funds to be increased to match the Project budget, including a reasonable contingency. The Foundation shall submit to the CAO an updated Project budget upon completion of construction documents and on a quarterly basis during the construction phase.

In order to assure adequate Foundation funds are available to increase, if necessary, the amount of the Pledged Funds, upon request of the CAO, the Foundation shall demonstrate that it has unrestricted assets, in addition to the \$15,150,000 identified in paragraph 1.2 above, in the amount of \$10,000,000, including the Foundation's endowment. Nothing in the Agreement gives the County the right to manage the investment of any Foundation unrestricted assets.

1.4 The County shall assign to Foundation its rights to apply to the County of Los Angeles Regional Park and Open Space District ("District") for the remaining funds of \$4,350,000 designated in Proposition A for eligible Project Improvements expenses. Any such

application shall be subject to the prior approval of the Director of the Department. The obligations of Foundation set forth herein to provide funding for Project Improvements from Pledged Funds is contingent upon approval of Foundation's application(s) to the District for the remaining Proposition A funds, in the amount of \$4,350,000, designated for the Museum of Natural History, and the execution of Project Agreement with the District.

1.4.1 Proposition A funds approved for use by Foundation shall be paid on a reimbursement basis upon Department's verification that each reimbursement request is for an eligible expense under Proposition A and used for Project Improvements.

1.4.2 Subject to the approval of Foundation's application for the remaining Proposition A funds of the \$4,350,000 designated for the Museum of Natural History, and execution of the Proposition A Project Agreement, as provided herein, Foundation shall provide fifteen million five hundred fifteen thousand dollars (\$15,515,000), plus such additional funding as may be required to complete the Project Improvements, from Pledged Funds, subject to the rights and obligations set forth herein.

To the extent that Proposition A funds are not available or eligible for Project Improvement costs, Foundation shall pay for such costs from its Pledged Funds. During this Agreement, Foundation shall identify, to the County's satisfaction, Pledged Funds separated and earmarked by means of a separate accounting, which when added to amounts already expended to carry out the terms of this Agreement, total fifteen million five hundred fifteen thousand (\$15,515,000).

2. Optional Construction

- 2.1 Budgeting and Funding. Foundation shall have sole discretion over whether or not to perform any or all of the Optional Construction.
- 2.2 Proposition A. In the event that Foundation wishes to use any Proposition A funding for any of the Optional Construction, Foundation shall comply with the relevant Proposition A grant agreement and the provisions of Section 1 of this Agreement in connection with such use.

- 2.3 Exhibits. The terms of this Lease-leaseback shall not apply to the Foundation's funding, design and installation of exhibit, programming, and related modifications not requiring a County building permit, whether or not in the portion of the Museum Facilities in which the Project Improvements or Optional Construction may occur.

3. Lease and Lease-Back

- 3.1 Lease. In consideration of the mutual benefits accruing to the parties, and for other valuable consideration the receipt and sufficiency of which consideration is hereby acknowledged, and subject to the State Ground Lease and the City Ground Leases, the County hereby subleases to Foundation ("the Lease") the portion of the State Ground Leased Premises and the City Ground Leased Premises and the improvements depicted in Exhibit A-1, attached hereto and incorporated herein by this reference (hereinafter "the Premises"). Said Premises consist of a portion of the Museum of Natural History, along with a reasonable right of nonexclusive ingress and egress thereto, to carry out the terms of this Agreement. The County reserves all other right, title and interest it may have in and to the Museum of Natural History.
- 3.2 Term of Lease and Lease-Back. The term of this Agreement shall commence on the date of execution by the Chair of the Board of Supervisors of the County of Los Angeles, and shall expire one (1) year after the final Date of Occupancy, as defined herein, unless terminated earlier as provided herein.
- 3.3 Date of Occupancy of Project Improvements and Optional Construction. "Date of Occupancy" means the date construction of all the Project Improvements and any Optional Construction is Substantially Completed, whether or not the County actually occupies the Project Improvements and Optional Construction. "Substantially Completed" means written notice by the Foundation to the County that the Project Improvements and the Optional Construction have been constructed in accordance with the approved plans and specifications and that the Project Improvements and the Optional Construction are reasonably useable for their intended purposes. The date of Substantial Completion shall be the date the County's Department of Public Works ("DPW") concurs that the Project Improvements and the Optional Construction are Substantially Complete
- 3.4 Lease-Back to the County. Foundation shall lease back to the County (the "Lease-back") the Project Improvements and any Optional Construction effective the Date of Occupancy. Subject to the State Ground Lease and the City Ground Leases, Ownership of all Project Improvements and Optional Construction shall vest in the Foundation during the period of the Lease and Lease-back. Upon expiration or termination of this Lease and Lease-back, subject to the Ground Lease and any lease from the City of Los Angeles ownership of all improvements on the Premises, including the Project Improvements and any Optional Construction, but excluding

any exhibits, furniture and equipment placed or installed in the Premises by Foundation, shall vest automatically in the County.

3.4.1 At the County's sole option, certain completed portions of the Project Improvements and Optional Construction (including without limitation the entire scope of work of either the Project Improvements or all of the Optional Construction) may be leased back to the County prior to the completion of all Project Improvements and Optional Construction (hereinafter "Early Lease-back). In the event of such an Early Lease-back, the parties shall execute a Memorandum of Understanding, which sets forth the parties' responsibilities for maintenance, utilities, liability, insurance, and security, including any increased security needs due to the partial completion status of the Project, for the interim period ending with the Substantial Completion of all Project Improvements and the Optional Construction.

3.4.2 Obligations and restrictions concerning the management and use of Proposition A-funded improvements which are imposed by the Proposition A Project Agreement and any other funding sources (including other government grants) shall be the responsibility of Foundation prior to the period of the Lease-back to the County and shall be the responsibility of the County during the Lease-back, including any Early Lease-back, and upon expiration of this Agreement.

3.5 Following the expiration of this Agreement, no change of any kind to any Project Improvement or to any aspect of the overall design of the Premises shall be made or permitted to be made without compliance with Proposition A.

4. Project Design

4.1 Foundation shall contract for all necessary design services to design the Project Improvements and Optional Construction. Foundation selection of the design firm(s) is conditioned upon the approval of the County. The County hereby approves Foundation's contracting with the firm Co-Architects (in association with Holl & Associates, if Foundation so desires) for some or all of the design services.

4.2 Foundation shall be entitled to reimbursement from Proposition A for the cost of design services for the design of the Project Improvements and Optional Construction to the extent such services are (a) consistent with the Department-approved budget for the Project, (b) eligible for Proposition A funding, including the limitation on soft costs, and (c) Proposition A funds are available. In no event shall the County be obligated to use County General Funds or other funds of the County to reimburse Foundation for such services.

- 3.3 Design documents for all Project Improvements and Optional Construction shall be subject to the review and approval of the County's CAO and Department of Public Works and shall comply with all applicable codes.
- 4.4 Design documents for all Project Improvements and Optional Construction shall become the property of the County on the Date of Occupancy. Foundation and/or its design firm shall be permitted to reuse details of the design documents for other projects but shall not reuse the documents as a whole without the written permission of the County. The County shall be permitted to reuse details of the design documents for other projects at its own risk and without any warranty by the design firm but shall not reuse a substantially similar exterior design at any other location. Foundation may retain the originals or copies of the final design documents for reference after completion of the Project Improvements and Optional Construction.

5. Construction

- 5.1 Foundation shall contract with one or more licensed California contractors for the construction of all Project Improvements and Optional Construction. The contractor(s) shall be selected by Foundation pursuant to a competitive process whereby the ultimate selection of the contractor(s) would be based upon a combination of the contractor(s)' qualifications at Foundation's option (which may be determined through a pre-qualification process implemented by Foundation) and cost, as evaluated by Foundation. The construction contract shall be approved by the CAO and shall include the standard County terms and conditions, with respect to the following: bonding, insurance, warranties and corrections to the work indemnification for personal and property damage, record drawings, affirmative action compliance, and good faith efforts to utilize Community Based Enterprises. The County hereby approves Foundation's contracting with the firm Matt Construction for some or all of the pre-construction and services and acknowledges having received and reviewed for compliance with County-required provisions the form of the Foundation's construction contract with Matt Construction.

Notwithstanding the foregoing the Foundation, in its sole discretion, may engage one or more firms to assist it in pre-construction activities, so long as such firm or firms are not guaranteed any contract to construct any of the Project Improvements or Optional Construction. Nothing herein shall prevent the Foundation from entering into an agreement with a contractor for pre-construction services without CAO approval and without the standard County terms and conditions, so long as the agreement for pre-construction services does not require the Foundation to contract with the same contractor for construction of any Project Improvement or Optional Construction.

- 5.2 Foundation shall comply with and shall require the construction contractor(s) to comply with all applicable Federal, State and County laws, rules and regulations, including the State Labor Code concerning payment of prevailing wages and payroll records.
- 5.3 Any material changes to the approved design drawings and specifications or, to the extent that they materially change Exhibit B, to the approved construction contract shall be submitted for approval to the CAO in advance.

The parties hereto shall mutually agree in writing to a procedure for consideration of changes, authorizations, and determinations (including, but not limited to, considerations, authorizations, and determinations related to the design drawings and specifications, available funds, and budgets and the provision of DPW Services, as defined below) which, to the extent possible, maintains the Project schedule, including timely County communication of any concerns it may have with the Project Improvements or Optional Construction and prompt response from the Foundation regarding such concerns.

- 5.4 Foundation shall be entitled to reimbursement from Proposition A funds for the cost of construction of Project Improvements and Optional Construction to the extent such construction is (a) completed in general conformance with the Department-approved plans and specifications, (b) eligible for Proposition A funding, including consideration of limitations on certain categories of expenses, and (c) Proposition A funds are available. In no event shall the County be obligated to use County General Funds or other funds of the County to reimburse Foundation for such construction.
- 5.5 Foundation shall not cause construction services to commence until the CAO determines, in the exercise of its sole discretion, that the Foundation has on hand adequate available Pledged Funds to pay the estimated cost to complete all construction and the amount of unrestricted assets required by paragraph 1.3 herein. Foundation shall provide the County reasonable access to Foundation's financial records for this purpose.

6. Construction or Project Management or Administration

- 6.1 Foundation shall contract for construction or project management or administration services, including the management of the design and permitting process, acquisition and evaluation of bids and bidders, reviewing and processing change orders, cost and schedule reports, and day-to-day administrative activities and clerical support. Foundation's selection of the construction or project management or administration firm is conditioned upon the approval of the CAO. County hereby approves Foundation's contracting with the firm of Cordell Corporation for construction or project management or administration services.

- 6.2 Foundation shall be entitled to be reimbursed from Proposition A funds for the cost of construction management or project management or administration services for the design and construction of the Project Improvements and Optional Construction to the extent such services are (a) acceptable to the Department, (b) eligible for Proposition A funding, including consideration of limitations on certain categories of expenses, and (c) Proposition A funds are available. In no event shall the County be obligated to use County General Funds or other funds of the County to reimburse Foundation for such services.

7. Plan Review, Permitting and Inspection

- 7.1 The County, by and through DPW, shall provide for legally-required plan review and permitting, inspection for compliance with codes and plans and specifications documents and acceptance of the work (hereinafter "DPW Services"). The County's fee for plan checking, issuance of permits for Project Improvements and Optional Construction, if any, and other DPW Services shall be limited to the actual, reasonable cost of the services and in any case shall be no more than charged for other capital improvement projects in County-owned and occupied buildings within the two years prior to commencement of construction of the Project Improvements or Optional Construction.
- 7.2 Foundation shall reimburse the County for DPW Services and such reimbursement may be from Proposition A funds provided herein for the Project or from Pledged Funds, for any DPW Services. The County shall not be obligated under any circumstances to use County General Funds or other funds of the County to pay for such services provided the DPW Services are acceptable to the Foundation.

8. Maintenance of Project Improvements

- 8.1 Foundation covenants to adequately protect and maintain the Project Improvements and Optional Construction funded by Proposition A in perpetuity after Substantial Completion to the extent the cost of such protection and maintenance exceeds the sum of the current cost or any increased amount above the current cost expended by the County for such services at the Museum of Natural History plus the amount of any Proposition A funding authorized for maintenance of such improvements.

9. Indemnification

- 9.1 The County hereby fully and forever agrees to defend, indemnify and hold harmless Foundation, its officers, directors, trustees, principals, employees, agents, partners, predecessors and successors in interest, representatives, assigns, attorneys, administrators, insurers and each of them (its "Representatives"), from and

against any and all claims, rights, demands, damages, costs, debts, expenses, losses, liabilities, accountings, obligations, controversies, liens, suits, actions and causes of action of every kind and nature whatsoever, in law, in equity or otherwise, (in the singular "Claim" and in the plural "Claims") which may arise or may be alleged to have occurred after the date of Substantial Completion, or with respect to areas subject to an Early Lease-back, alleged to have occurred during the period of the Early Lease-back, with respect to, arising out of, related to, or based upon the design, construction, or implementation of, or in any other way related to, the Project Improvements or Optional Construction at the Museum of Natural History, which are authorized and approved in writing by the County (including the Project Improvements and Optional Construction authorized under this Agreement) and made or caused to be made by Foundation, including but not limited to Claims related to bodily injury, death, personal injury, or property damage alleged to have occurred after the date of Substantial Completion, or with respect to areas subject to an Early Lease-back, alleged to have occurred during the Early Lease-back. The County shall not be obligated to indemnify Foundation or its Representatives for Claims arising from the gross negligence or willful misconduct of Foundation or for acts of Foundation, which were not authorized or approved in advance by the County. The Foundation agrees to provide prompt notice to the County of any Claims filed against Foundation, which are subject to the provisions hereof.

- 9.2 Foundation hereby fully and forever agrees to defend, indemnify and hold harmless the County and its Representatives, and each of them, from and against any and all Claims, which may now exist, may arise, or may be alleged to have occurred through the date of Substantial Completion with respect to, arising out of, related to or based upon the design, construction, or implementation of or in any other way related to, the Project Improvements or Optional Construction at the 1913 Building including but not limited to Claims by Foundation's construction contractor(s) on behalf of itself and/or its subcontractors for additional compensation or damages, and Claims related to bodily injury, death, personal injury, or property damage alleged to have occurred prior to the date of Substantial Completion. Foundation shall not be obligated to indemnify the County and its Representatives for Claims arising from the negligence or misconduct of the County. The County agrees to provide prompt notice to Foundation of any Claims filed against the County, which are subject to the provisions hereof.

10. Non-discrimination

- 10.1 Foundation hereby certifies and agrees for itself, and further agrees that it shall require any of its contractors, to comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Title IX of the Education

Amendments of 1972, where applicable, Title 43, Part 17 of the Code of Federal Regulations Subparts A and B, and the Americans With Disabilities Act of 1990, to the end that no persons shall, on the basis of race, creed, color, national origin, political affiliation, marital status, sex, age or disability, be subject to discrimination under the privileges and use granted by this Agreement or under any project, program or activity supported by this Agreement.

- 10.2 Foundation represents and agrees that all persons employed by it are and shall be treated equally without regard to or because of race, creed, color, national origin, sex, age, marital status, or disability, and in compliance with all Federal and State laws prohibiting discrimination in employment, including, but not limited to, the Federal Civil Rights Act; the Cartwright Act; and the State Fair Employment Practices Act.
- 10.3 Foundation agrees that its contractors, bidders and suppliers are and shall be selected without regard to or because of race, creed, color, national origin, sex, age, marital status or disability.
- 10.4 All employment records shall be open for inspection and reinspection at any reasonable time during the term of the Agreement for the purpose of verifying the practice of non-discrimination by Foundation in the areas heretofore described.
- 10.5 If the County finds that any of the above provisions have been violated, the same shall constitute a material breach of this Agreement. County reserves the right to determine independently that the non-discrimination provisions of this Agreement have been violated. In addition, a determination by the California Fair Employment and Housing Department, or the Federal Equal Employment Opportunity Commission that Foundation has violated State or Federal non-discrimination laws or regulations shall constitute a finding by the County that Foundation has violated the non-discrimination provisions hereof.
- 10.6 The parties agree that in the event Foundation violates the non-discrimination provisions contained herein, County at its sole option, and in lieu of canceling, terminating or suspending the Agreement, shall be entitled to a sum of one thousand dollars (\$1,000) pursuant to California Civil Code 1671 as liquidated damages. Foundation further agrees that one thousand dollars (\$1,000) is a reasonable sum under all the circumstances existing at the time of the execution of this Agreement.

11. Notices and Approvals

- 11.1 All notices and approvals shall be directed to and made by the following representatives of the parties:

- 11.1.1 To the County:

Chief Administrative Office
Attn: Assistant Administrative Officer
Facilities and Asset Management Branch
Hahn Hall of Administration, Room 754
500 West Temple
Los Angeles, CA 90012

Los Angeles County Museum of Natural
History
Attn: Dr. Jane G. Pisano, President &
Director
900 Exposition Boulevard
Los Angeles, CA 90007

11.1.2 To the Foundation:

Attn: Richard Roeder, President Board of
Trustees

And
James R. Gilson, Esq.
900 Exposition Boulevard
Los Angeles, CA 90007

12. Severability

12.1 If any provision of this Agreement is determined to be illegal, invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall not be affected thereby and shall remain in full force and effect.

13. Effective Date

13.1 The effective date of this Agreement shall be the date of approval thereof by the County's Board of Supervisors.

14. Termination

14.1 This Agreement may be terminated by the County in the event the County reasonably determines that Foundation has been grossly negligent or engaged in willful misconduct in carrying out its rights and obligations under this Agreement.

14.2 Notwithstanding any provision in this Agreement to the contrary, the obligations of the parties under Paragraphs 3.4.2, 3.5, 8.1, 9.1 and 9.2 shall survive the expiration or earlier termination of this Agreement.

15. Taxes

15.1 The County shall pay any and all real property taxes, possessory interest taxes and general or special taxes levied against the State Ground Leased Premises, the City Ground Leased Premises or the Project Improvements during the term of this Agreement.

16. Approvals

16.1 Time is of the essence for all activities contemplated by this Agreement. This Agreement provides in various instances that the exercise of a right, the performance of an obligation or the determination of a condition shall be subject to the approval or determination of another party or parties. In any case where such approval or determination is required, such approval or determination shall not be unreasonably withheld, conditioned or delayed, whether or not such a reasonableness standard shall be otherwise expressly provided for in this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Foundation has executed this Lease and Lease-back Agreement for the Provision of Improvements to the 1913 Building, or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Agreement to be executed on its behalf by the Chair of said Board on the date and year first above written.

ATTEST:

Saichi A. Hamai,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

FOUNDATION
Los Angeles County Museum of
Natural History Foundation

By _____
Dr. Jane G. Pisano,
President

COUNTY
County of Los Angeles

By _____
Chair, Board of Supervisors

BY _____
Paul Haaga
President, Board of Trustees

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By _____
Deputy

EXHIBIT A-1 THE GROUND LEASED PREMISES

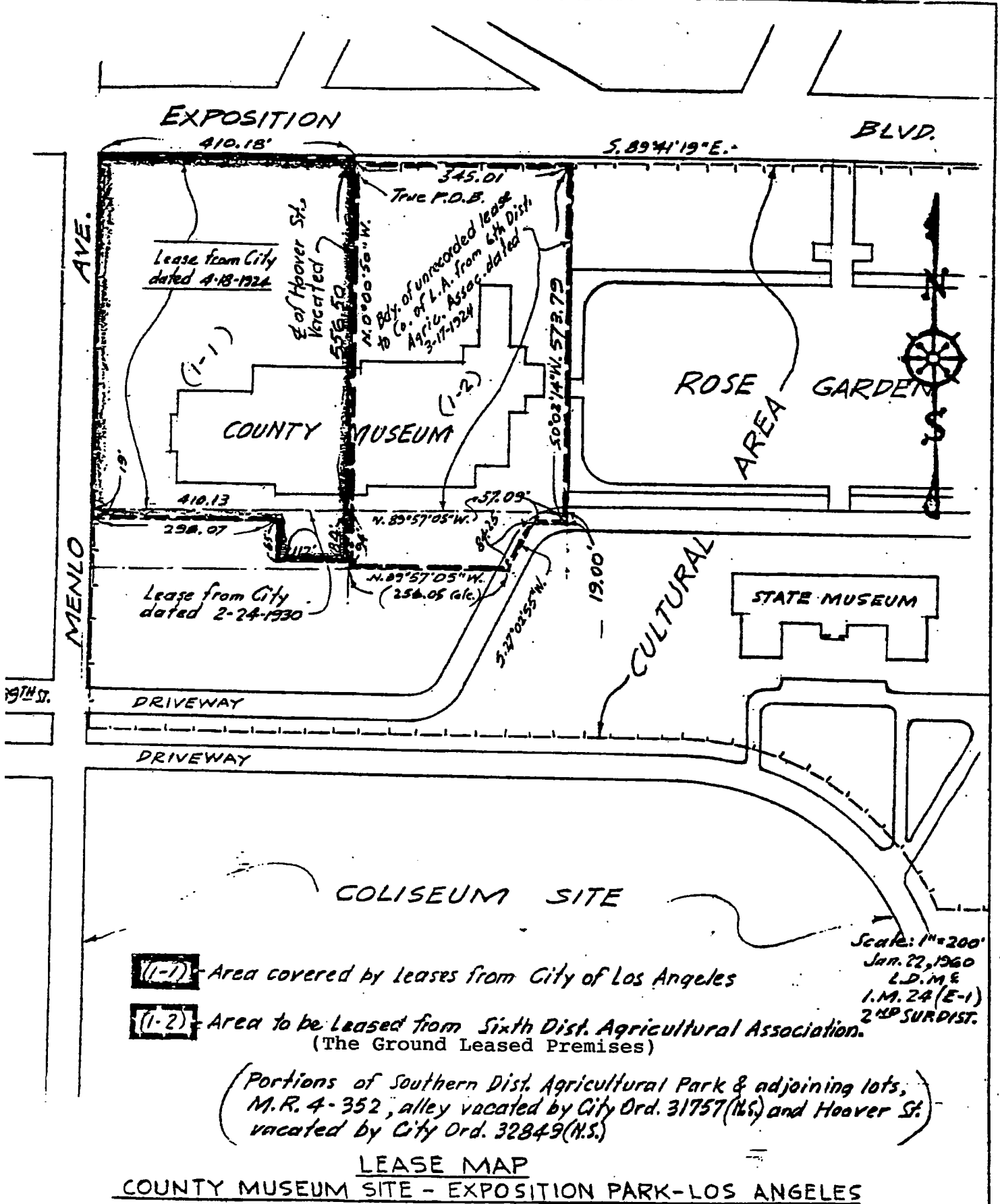


EXHIBIT A-2 THE LEASE-LEASEBACK PREMISES

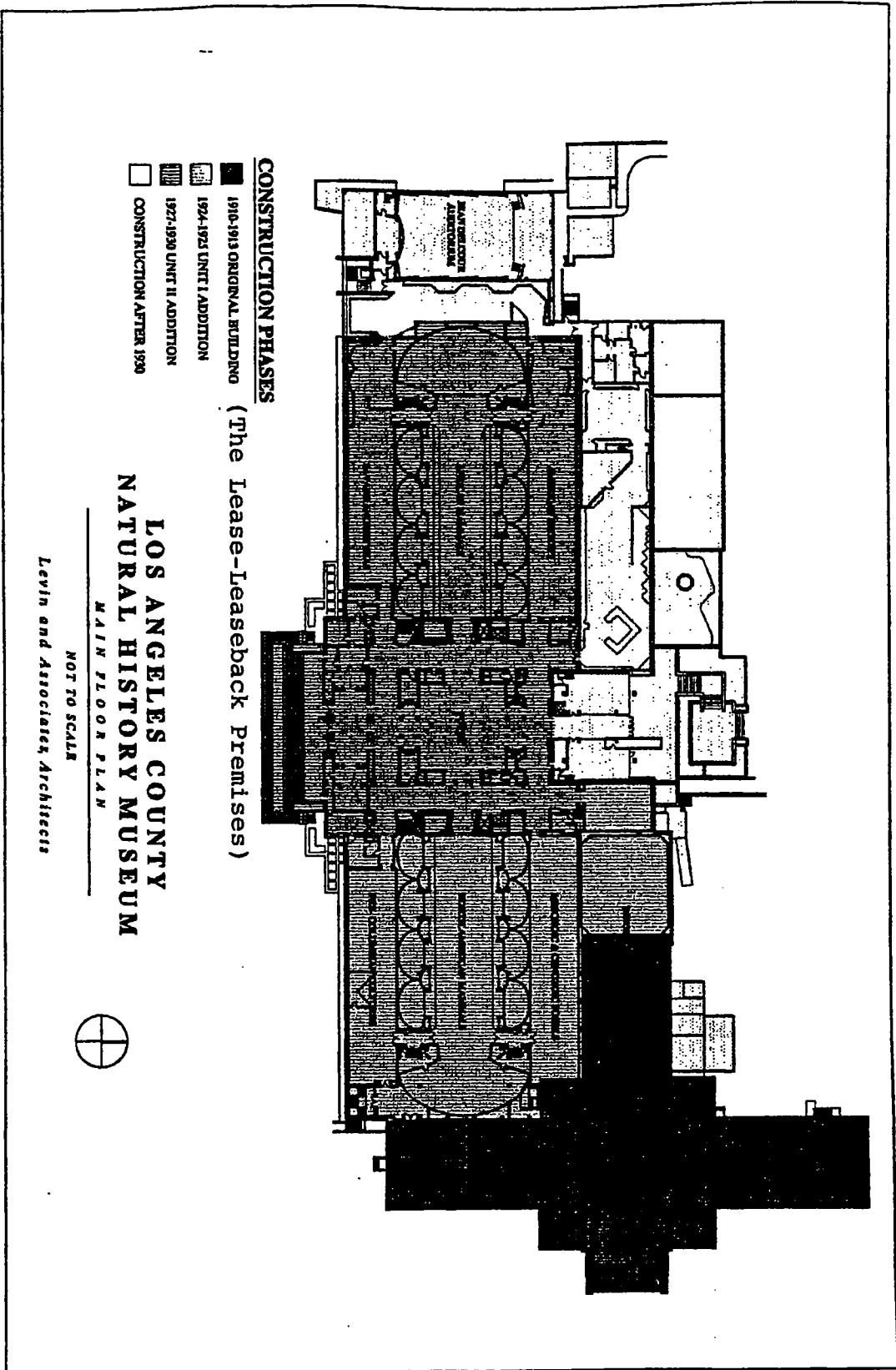


Figure 8: Main floor plan diagram showing the various construction phasing for the building.

EXHIBIT B

1913 Building Project Budget

Category	Current Budget
Total Construction	\$13,058,403
Total Furniture, Fixtures & Equipment	\$0
Total Soft Costs	\$5,475,044
Total Relocation Costs	\$1,011,828
Total Project Costs	\$19,545,274

1913 Building Project Schedule

Task	Duration (Days)
Construction Documentation	198
Move Out & Collection Relocation	106
County Plan Check & Approval	60
Bidding & Contracting	60
Phased Construction	503
Move In & Project Close-Out	90

Note: Tasks may occur concurrently